



# *REGISTRATION DOCUMENT*

INCLUDING THE  
ANNUAL FINANCIAL  
REPORT 2017

**GROUPE RENAULT**

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# 2017

## REGISTRATION DOCUMENT

Including the annual financial report  
approved by the Board of Directors on February 15, 2018

This Registration document  
is online on the website  
**[www.groupe.renault.com](http://www.groupe.renault.com)**



This Registration document was filed with the French Financial Markets Authority on April 5, 2018, in accordance with Article L. 212-13 of the AMF General Regulation. It may be used in support of a financial operation if it is supplemented by a securities note (*note d'opération*) endorsed by the AMF. This document has been prepared by the issuer and its signatories are liable therefore.

# DRIVE THE FUTURE

## OUR VISION

ENSURE SUSTAINABLE MOBILITY FOR EVERYONE,  
NOW AND IN THE FUTURE

  
Electric

  
Connected

  
Autonomous

  
Electric  
mobility  
service

## OUR OBJECTIVES

REVENUE

**>€70 BN**  
(vs. €51 BN in 2016)

OPERATING MARGIN

**>7%**

CASH FLOW

**positive**  
every year

# OUR ADVANTAGES

## SOLID FOUNDATIONS THANKS TO OUR PREVIOUS DRIVE THE CHANGE STRATEGIC PLAN FROM 2011 TO 2016

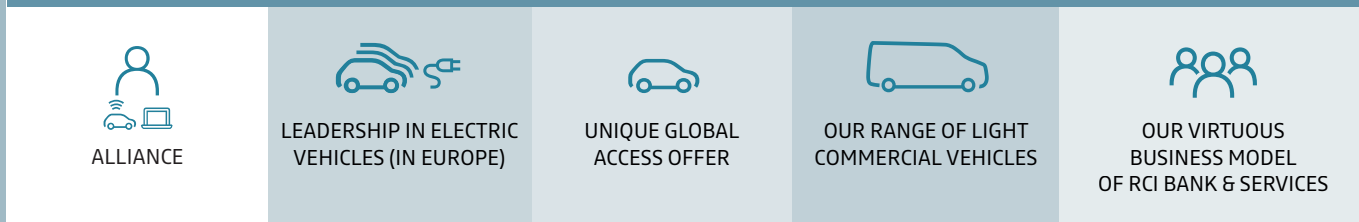


## THE RESOURCES OF THE RENAULT – NISSAN – MITSUBISHI ALLIANCE: THE LARGEST AUTOMOTIVE ALLIANCE IN THE WORLD



## FIVE KEY ASSETS

### RENAULT'S KEY ASSETS



# OUR PRIORITIES

## BECOME MORE COMPETITIVE

BY 2022

> 80%

RENAULT GROUP VEHICLES PRODUCED ON COMMON PRODUCTION PLATFORMS

€18 BN

IN R&D INVESTMENTS GIVING ACCESS TO TECHNOLOGIES WITH A VALUE OF €50 BN

€4.2 BN

"MONOZUKURI" SAVINGS WITH THE AIM OF OPTIMIZING THE ENTIRE VALUE CHAIN

## STRENGTHEN OUR GLOBAL PRESENCE

STRONG GROWTH OUTSIDE EUROPE

### CHINA

Vehicle units sold



### RUSSIA

Remain leader with

30%

market share in 2022

x2

VOLUME OF LADA IN 2022

*Return profitability to match Group level*

x2

SALES OUTSIDE OF EUROPE

> 50%

GROUP RESULTS OUTSIDE OF EUROPE

FROM EUROPEAN TO GLOBAL LEADERSHIP IN LIGHT COMMERCIAL VEHICLES

VOLUMES



DEVELOPMENT OF RANGE OF ELECTRIC LIGHT COMMERCIAL VEHICLES

MARKET COVERAGE

x2

NEW JOINT VENTURE IN CHINA

## BUILD THE MOBILITY OF THE FUTURE BY 2022: ELECTRIC, CONNECTED, AUTONOMOUS, SHARED

### ELECTRIC VEHICLES, A CORE BUSINESS



- 8 ELECTRIC MODELS
- 12 ELECTRIFIED MODELS I.E. >50% OF THE RANGE BY 2022



Nº. 1 ELECTRIC LIGHT COMMERCIAL VEHICLE MANUFACTURER IN EUROPE

### OFFER CONNECTED, AUTONOMOUS VEHICLES



100% OF NEW VEHICLES IN KEY MARKETS TO BE CONNECTED



15 MODELS WITH AUTONOMOUS DRIVING CAPABILITIES BY 2022

### NEW MOBILITY SERVICES



MOBILITY SERVICES DEVELOPED WITH RCI BANK & SERVICES AND THE ALLIANCE



"RIDE HAILING" MOBILITY ON DEMAND, ROBOT TAXI SERVICES BY THE END OF THE PLAN

# FOR THE BENEFIT OF OUR STAKEHOLDERS



## OUR SHAREHOLDERS

Attractive dividend policy



## OUR CUSTOMERS

TOP 3 in customer satisfaction



## COMMITMENT TO THE ENVIRONMENT

Carbon footprint



**-25%**  
2022 vs. 2010



## RENAULT'S EMPLOYEES

**13,000**  
employees trained in engineering, digital  
skills

**35,000**  
recruitments



Forecast: **5 million** vehicle sales in 2022  
(vs. 3.5 million in 2016 i.e. +40%)

“ The regional French manufacturer in 2005, dependent on one model, the MEGANE, and one country, France, is now a global, multi-polar company, within an Alliance that has become the leading global carmaker group. With *Drive the Future*, we are building the mobility of the future - electric, connected, autonomous, shared - whilst ensuring sustainable, profitable growth ”.



● ALPINE

### GRUPE RENAULT WORLDWIDE DATA AT END-2017

134  
COUNTRIES

181,344  
EMPLOYEES  
(O/W 49,771 FOR AVTOVAZ)

€58,770 M  
REVENUES



# GROUPE RENAULT

# 01

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The elements of the annual financial report are identified by the **AFR** symbol.

## 1.1 OVERVIEW OF RENAULT AND THE GROUP

### 1.1.1 Message from the Chairman and Chief Executive Officer



## A new record year

### Ladies and Gentlemen,

2017 marked new record earnings for Groupe Renault. In 2016, a year ahead of schedule, we had exceeded the targets set as part of Drive the Change: achieve revenues of €50 billion with a minimum operating margin of 5%. Last year, the Group's growth and performance improved still further, with revenues of €58.8 billion, operating margin of 6.6% and free cash flow of €945 million.

These results are the consequence of years of financial discipline and efforts provided by all the men and women in the Group. Driven by this momentum, in 2017 we have prepared for the future by launching our new strategic plan Drive the Future. By 2022, we intend to exceed €70 billion in revenues, with a minimum operating margin of 7%. Our growth will be strong, profitable and global: by the end of the plan, outside of Europe, our sales will have doubled and our profits will have tripled compared to 2016. In Europe, where Renault is the second-largest regional brand, we are holding our position. We will achieve this, whilst aiming for a target of €4.2 billion in cost reductions for the Group. Our belonging to the Renault-Nissan-Mitsubishi Alliance, also committed to a five-year strategic plan, Alliance 2022, will be an accelerator for this growth and performance.

In 2017, we have already laid the foundations for the next five years. We have strengthened our international presence by localizing and adapting several models to local specificities: the design of the KWID was modified to meet the expectations of the Brazilian and Argentinian markets, similarly with the CAPTUR in India and Latin America. Europe has not been forgotten with the launch of the updated version of our ALASKAN pick-up truck and the reaffirming of our leadership in the electric vehicle market, with 25% market share.

We have increased our sales volumes and our market share in all regions, and achieved a new record with 3.7 million vehicles sold during the year. We rebalanced our geographic mix between Europe and the Rest of the World and strengthened our presence in certain strategic countries. In Russia, firstly, where AVTOVAZ recorded a positive operating result one year ahead of its operating plan. The leading automotive brand in the country, Lada achieved its highest performance of the last six years, with 17% growth compared to 2016, and 5% more than the market.

In China, where we strengthened our presence in two key segments for the Group: electric and light commercial vehicles. Renault-Nissan and DongFeng created e-GT New Energy Automotive, a joint venture that aims to produce competitive, affordable electric vehicles designed for the Chinese market. The Group also signed an agreement with Brilliance China Automotive Holdings Limited, the leading Chinese player in light commercial vehicles, which will enable it to manufacture and sell MPVs, medium and large vans under the Renault, Jinbei et Huasong brands in China.

Armed with these strengths, we have started 2018 with confidence. The New DUSTER, just launched, has the potential to become a global best-seller, as it has been in the past. The recovery in emerging markets such as Brazil and Russia will continue to feed our growth. Lastly, the strengthened cooperation within the Alliance will improve our performance. We are going to extend our shared platforms to new segments, and work even more closely with Mitsubishi, which will generate increased synergies and cost savings. We will also prepare together the mobility of the future, which will be electric, connected, autonomous and shared.

## “ For 2018, the global market is expected to record growth of 2.5% compared to 2016.

Both the European and French markets are expected to increase by 1%. Internationally, the Chinese and Brazilian markets should grow by over 5%, India by 6% and Russia by 10%.

In this context, and including AVTOVAZ, Groupe Renault has set itself the targets of:

- increasing Group revenues at constant scope and exchange rates;
- maintaining the Group's operating margin at over 6%; and
- generating a positive automotive operational free cash flow.

Details of all activities carried out in 2017 are presented below.

### Carlos Ghosn

Chairman and Chief Executive Officer  
of Groupe Renault

## 1.1.2 Management bodies at April 1, 2018

The Renault Board of Directors has chosen as its mode of governance, to combine the roles of Chairman of the Board of Directors and CEO.

A detailed explanation of the mode of governance is given in section 3.1.4.

The Chairman and CEO relies on the Group Executive Committee (GEC) to steer the Group's strategic management. The GEC benefits from the support of the Renault Management Committee (RMC) and the Operations Review Committee, which have a larger number of members.

### 1.1.2.1 Group Executive Committee

The Group Executive Committee takes strategic, financial and operational decisions subject to the functions allocated at the Board of Directors' meeting.

These are reflected in the budget and Renault Plan, product planning, major investments, and plans for new strategic sites.

The members of the Group Executive Committee regularly attend Board meetings.

It meets once a month.

The Group Executive Committee has 10 members:

- the Chairman and Chief Executive Officer;
- the Group's Deputy Chief Executive Officer, who is responsible for all Group operations;
- the Group Sales Director, whose main responsibility is to ensure the market share growth and profitability of the sales while enhancing brand image and customer satisfaction. He defines the process and methods of the Sales Function in Sales, Marketing and Digital areas. He supports Operations and challenges them;
- the Executive Vice President, Office of the Renault CEO, whose main task is to ensure the promotion, recognition and protection of the Group. He defines the communications strategy in respect of all stakeholders and the Corporate Social Responsibility strategy. He also oversees management of the Group's fixed assets and general services. He also coordinates the following functions: legal, Group prevention and protection, public affairs, communications, public relations, corporate social responsibility, property and general services, cross-functional teams and operating expenses economic efficiency;
- the Group's Executive Vice President of Engineering, whose main mission is the development of all vehicle projects in compliance with quality and economic performance commitments, in particular through synergies with partners. He manages the Engineering business activities in France and abroad and guarantees their overall performance level. He is also responsible for the R&AE (Research and Advanced Engineering) activities that contribute to the technological breakthroughs of the car of the future;
- the Executive Vice President for Human Resources Group and Alliance, who is responsible for defining the Group's HR strategy and implementing HR standards worldwide, recruiting and developing a competent and competitive workforce, managing the workforce and global personnel costs and the Group's compensation and benefits policies, and recruiting and preparing the Group's pool of talent while respecting diversity. He ensures the Group's compliance with legal and regulatory provisions from a social perspective. In addition, as the Alliance's HR Director, he is also responsible for implementing the best HR practices within the Alliance and developing synergies within the organization;
- the Executive Vice President for Group Product Planning and Programs, whose main tasks are to define the range of products that meet the evolving needs of customers and markets for all of the Group's brands and to ensure the oversight of their development and profitability until their commercial launch and throughout their life cycle;
- the Executive Vice President for Group Manufacturing and Supply Chain, whose main tasks are to ensure overall management and improve the performance of the Group's global industrial system. He defines the Group's industrial and supply chain strategy. He designs and implements the manufacturing and supply chain processes. He manufactures and delivers the mechanical components and vehicles expected by the customer. He manages support activities at the corporate level and in the factories and implements all of the company's supply systems;
- the Group Chief Financial Officer is primarily responsible for ensuring the financial security of the Group, overseeing accounting, banking, tax and customs compliance, ensuring the reliability and timeliness of financial information and providing a relevant analysis of current performance and future development of the Group both internally and externally;
- the Executive Vice President, Europe Region, whose main missions are to contribute to the development of Groupe Renault's strategy by mobilizing regional resources for the construction of the product and services offer and providing the Company's global functions with the knowledge about the needs to be covered to be competitive in each targeted market. He deploys the Company's strategy in the region to achieve the objectives of improving the image of the Group's brands and of profitable growth, by strengthening the quality of sales, continuously improving the competitiveness of local manufacturing, and by challenging the Company to obtain competitive sales costs in each market in the Region. He contributes to the economic efficiency of projects, coverage of risks and the development of local talent and know-how within Group entities in the region. And he develops the mindset within the Company in order to support the region for sustainable future growth, integrating the contributions of the Alliance and our partners.

### 1.1.2.2 Renault Operations Review Committee

The Group's Operations Review Committee is chaired by the Deputy Chief Executive Officer and is in charge of operational decisions and reviewing performance at the regional level:

- business KPIs;
- profitability, programs and planning;
- various reports: quality, electric vehicles, light commercial vehicles, costs, etc.

The Operations Review Committee has 23 permanent members:

- the 9 members of the Group Executive Committee (excluding the Chairman and Chief Executive Officer);
- the Executive Vice Presidents of the Eurasia, Americas, Africa-Middle East-India and Asia-Pacific Regions (the Executive Vice President for Europe is on the Group Executive Committee and takes part in the Operations Review Committee in this capacity);
- the SVP, Group Control;
- the SVP, Purchasing;
- Group Quality and Customer Satisfaction Executive Vice President;
- Alliance Executive Vice President of Vehicle 1 Projects;
- TdC Office Executive Vice President;
- Group After-Sales Executive Vice President;
- Products Executive Vice President;
- Electric Vehicles Division Executive Vice President;
- Industrial Design Executive Vice President;
- IT Systems and Digital Transformation Executive Vice President.

The Operations Review Committee meets once a month for a full day.

### 1.1.2.3 Renault Management Committee

At RMC meetings, decisions and discussions of the Group Executive Committee and Operations Review Committee are presented for implementation within the Group.

The Management Committee includes the 10 members of the Group Executive Committee and the representatives of the Group's main departments. It is chaired by Mr Carlos Ghosn.

The RMC meets once a month.

# UNITED FOR PERFORMANCE

Group Executive Committee



**JOSÉ-VICENTE DE LOS MOZOS**  
EVP, Group Manufacturings  
& Logistics



**THIERRY BOLLORÉ**  
Group's Deputy Chief Executive Officer



**MARIE-FRANÇOISE DAMESIN**  
EVP, Renault Human Ressources



**GASPAR GASCON ABELLAN**  
EVP, Engineering



**THIERRY KOSKAS**  
EVP, Goup Sales and Marketing



**CARLOS GHOSN**  
Chairman and Chief Executive Officer



**JEAN-CHRISTOPHE KUGLER**  
EVP, Europe Region



**BRUNO ANCELIN**  
EVP, Group Product Planning  
and Programs



**MOUNA SEPEHRI**  
EVP, Office of the Renault CEO



**CLOTILDE DELBOS**  
Group CFO,  
Chairman of RCI Banque

## 1.1.3 Key figures

### MAIN CONSOLIDATED FIGURES OVER THREE YEARS – PUBLISHED DATA<sup>(1)</sup>

(€ million)	2017	2016 <sup>(2)</sup>	2015
Revenues	58,770	51,243	45,327
Operating margin	3,854	3,282	2,320
Share in Nissan Motors net income	2,791	1,741	1,976
Renault net income, Group share	5,114	3,419	2,823
Earnings per share (€)	18.87	12.57	10.35
Share capital	1,127	1,127	1,127
Shareholders' equity	33,442	30,895	28,474
Total assets	109,943	102,103	90,605
Dividends (€)	3.55 <sup>(3)</sup>	3.15	2.40
Automotive net cash position including AVTOVAZ <sup>(4)</sup>	2,928	2,416	2,661
Operational free cash flow including AVTOVAZ	945	N/A	N/A
Total workforce at December 31, 2017	181,344 (including 49,771 AVTOVAZ)	124,849	120,136

(1) This information is for reference only and is not always directly comparable year-on-year, since it may include changes in scope and/or accounting practices. See chapter 4, note 3 in the notes to the consolidated financial statements.

(2) Data at December 31, 2016 include adjustments for the allocation of the acquisition price of the AVTOVAZ group (note 3-B to the consolidated financial statements) recognized in 2017 and therefore differ from those previously reported.

(3) Proposition to be submitted to the AGM on June 15, 2018.

(4) 2015 excluding AVTOVAZ.

### OPERATING MARGIN BY ACTIVITY

(€ million)	2017	2016	CHANGE
Group operating margin	3,854	3,282	+572
% Group revenues	6.6%	6.4%	+0.2 pt
o/w Automotive excluding AVTOVAZ	2,749	2,386	+363
% of segment revenues	5.1%	4.9%	+0.2 pt
o/w AVTOVAZ	55	N/A	+55
o/w Sales financing	1,050	896	+154

### REVENUES BY ACTIVITIES

(€ million)	2017	2016	Change
WORLDWIDE REGISTRATIONS <sup>(1)</sup> (units)	3,761,634	3,468,174	+8.5%
GROUP REVENUES	58,770	51,243	+14.7%
o/w Automotive excluding AVTOVAZ	53,530	48,995	+9.3%
o/w AVTOVAZ	2,727	N/A	N/A
o/w Sales financing	2,513	2,248	+11.8%

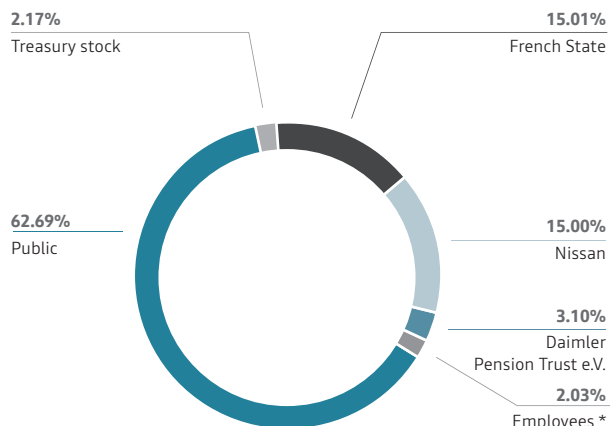
(1) 2016 registrations have been adjusted to include Lada registrations.





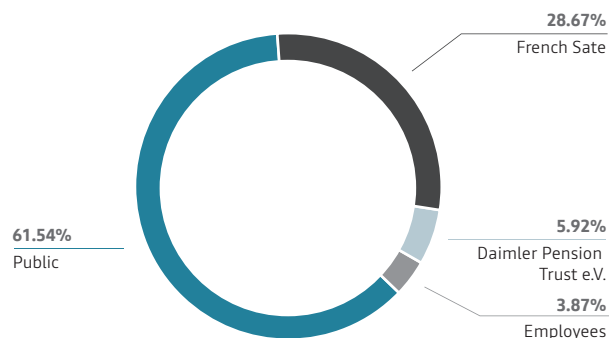
## Renault shareholders at December 31, 2017

### ● 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.

### ● BREAKDOWN OF EXERCISABLE VOTING RIGHTS<sup>(1)</sup> AS %



(1) See section 5.2.6.1.

### 1.1.3.1 Groupe Renault, a group with five brands

A car manufacturer since 1898, Groupe Renault is an international multi-brand group that comprises the Renault, Dacia, RSM, Alpine and Lada brands. The Group is present in 134 countries and sold nearly 3.8 million vehicles in 2017, a record year, making it the largest French automotive group in the world. In 2018, Groupe Renault aims to achieve growth through development of its international activities and its renewed range of vehicles.



#### Renault

**2,670,982 vehicles sold in 2017 (PC + LCV)**

Renault, the number-one French brand in the world, is marketed in 134 countries at nearly 12,000 sales points. For 120 years, Renault has been making life easier for its customers. Sensual and warm design, European leader in electric vehicles or commitment in motorsport, it is passion that drives the brand on a daily basis.



#### Dacia

**655,235 vehicles sold in 2017 (PC + LCV)**

Dacia is sold in 44 countries in Europe and a number of countries in the AMI region. The brand has attracted almost 5 million customers since 2004 by offering a simple and reliable range of vehicles at a reasonable price. With iconic models such as the SANDERO and DUSTER, Dacia has a strong following, especially on social networks.



#### RSM

**99,846 vehicles sold in 2017 (PC)**

Founded in 2000, Renault Samsung Motors is one of the top five carmakers in South Korea. Renault Samsung Motors has 197 sales points. With its reputation for quality of service, the brand has been ranked as a leader in customer satisfaction, sales and after-sales for the fourteenth consecutive year. Renault Samsung Motors sells a range of 7 sedans and SUVs.



### Alpine



Alpine was founded in 1955 by Jean Rédélé, a man with a passion for motor racing. In 2017, Alpine returned with the New Alpine A110, a car with the brand's classic features – lightness, compactness and agility – and with a promise: a pleasure to drive.



### Lada



#### 335,564 vehicles sold in 2017 (PC + LCV)

Lada has been a Groupe Renault brand since January 2017. A historic leader in the Russian market, it has the largest dealer network in the country with 300 sales points.

With a totally new design and a network in the throes of transformation, Lada has entered a new era.

### 1.1.3.2 Groupe Renault's top 15 markets

Registrations		2016 ranking	2017 volumes* (units)	PC + LCV market share 2017 (%)	Change in market share vs. 2016 (points)
1	France	1	673,852	26.4	-0.4
2	Russia	2	448,270	28.0	+1.1
3	Germany	3	228,046	6.1	+0.6
4	Italy	4	215,901	10.0	+0.6
5	Spain	5	185,760	13.0	+0.0
6	Turkey	6	178,646	18.7	+1.5
7	Brazil	7	167,147	7.7	+0.1
8	Iran	11	162,079	10.8	+2.4
9	United Kingdom	8	115,262	4.0	-0.5
10	Argentina	12	115,243	13.3	-1.2
11	India	9	112,489	3.1	-0.9
12	South Korea	10	100,537	5.7	-0.5
13	Belgium+Luxembourg	13	88,547	12.9	-0.9
14	China	21	72,137	0.3	+0.1
15	Morocco	14	70,536	41.8	+4.0

\* Figures at end-December 2017 (excluding TWIZY).

## 1.1.4 2017 Highlights

### — January

Groupe Renault has consolidated sales of the **Lada** brand since January 1, 2017.

### — February

**RENAULT PLANT OF THE FUTURE**, the industry revolution 4.0 to support operators, manufacture connected vehicles and strengthen the customers' place in the plant.

### — March

Opening of a **THIRD OPEN INNOVATION LAB** in Paris with teams from Renault, start-ups and partners.

**ZOE E-SPORT CONCEPT**, an electric concept car.

### — April

**R.S. 2027 VISION**, the Formula 1 concept car of the future.

### — May

Acquisition of Intel's R&D on embedded software in France, creation of **RENAULT SOFTWARE LABS** to develop connected and autonomous vehicles.

### — June

Partnership with the **ELLEN MACARTHUR** Foundation to promote the circular economy.

**MY RENAULT**: a new connected application to manage services and cars remotely.

### — July

**JOINT VENTURE WITH OKTAL** Groupe Renault accelerates its development of autonomous vehicles by investing in "Autonomous Vehicle Simulation".

Groupe Renault and **SANEF** cooperate to develop advanced solutions for autonomous vehicles.

Three seasons of **FORMULA E** and three titles for Renault in the FIA Formula E championship.

### — August

**EGT NEW ENERGY AUTOMOTIVE CO. LTD**, a new joint venture (Renault 25%, Nissan 25% Dongfeng 50%) to develop zero-emission mobility in China.

Groupe Renault, **IDRO** and **PARTO NEGIN NASEH CO** announce the creation of a new joint venture in Iran to strengthen Renault's presence in the country and accelerate growth.

### — September

Concept-Car **SYMBIOZ**, Renault's vision for the automobile and its place in society by 2030.

### — October

"**DRIVE THE FUTURE 2017 - 2022**", the new strategic plan for Groupe Renault.

### — November

Groupe Renault and Al-Futtaim sign a framework agreement for the assembly and distribution of **RENAULT** vehicles **IN PAKISTAN**.

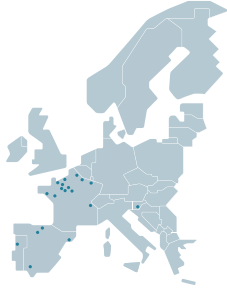
### — December

Acquisition of 40% in the **CHALLENGES** Press Group to meet the challenges of editorial services for connected, autonomous vehicles and innovative press distribution issues.

Groupe Renault and Brilliance China Automotive sign an agreement for the creation of a joint venture for the manufacture and sale of **LIGHT COMMERCIAL VEHICLES IN CHINA** in three segments and three brands – Jinbei, Renault and Huason.

## Highlights

### Europe Region



#### Industrial sites :

Batilly, Caudan, Choisy-le-Roi, Cléon, Dieppe, Douai, Flins, Grand-Couronne, Le Mans, Maubeuge, Ruitz, Sandouville, Saint-André-de-l'Eure, Villeurbanne (France), Cacia (Portugal), Novo Mesto (Slovenia), Barcelone, Palencia, Seville, Valladolid (Spain)

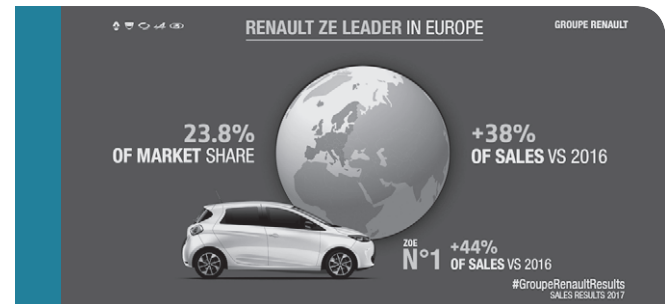
### A key contributor to Group growth

Sales are up in every country.

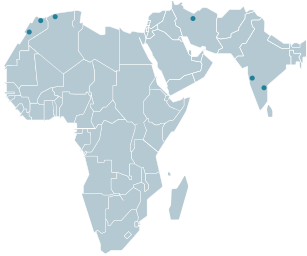
In Europe, in a market up 3.3%, Group registrations rose 5.6% to 1,911,169 vehicles. The Group's market share in Europe was 10.8%, up 0.2 percentage points.

- In **France**, Groupe Renault achieved its best sales performance in six years: 673,852 units sold (+3.4%). The Renault brand recorded its best volume in six years (554,505 units) and the Dacia brand recorded a new sales record (119,357 units).
- **Outside France**, the Group grew more than twice as fast as the market (+6.8%) for the second year in a row and achieved a historic record of 1,237,317 units sold. Many countries, such as Germany, Italy and Austria, have achieved record sales. The Renault brand is the leader in many countries and the Dacia brand has set a new sales record.
- The **Renault brand** recorded growth of 3.7%, thus confirming its position as the second best-selling brand in Europe, with a market share of 8.2%.

- More specifically, Renault has profited from the complete renewal of the MEGANE family, as well as the launch of the New KOLEOS last June. CLIO IV still has the second-highest vehicle sales in Europe and CAPTUR is the most popular crossover in its category.
- **In the electric vehicle segment, Renault confirmed its leadership** with a market share of 23.8%. Sales volumes increased by 38%. ZOE was once again the best-selling electric vehicle in Europe, with a 44% growth in registrations.
- The **Dacia brand** recorded record sales in Europe with 463,712 vehicles registered (+11.7%), and a market share of 2.6% (+0.2 point), even before the New DUSTER was launched in early 2018.
- **Alpine is back!** After two years of modernization and investments totaling more than €35 million, the historic Dieppe factory inaugurated its new line dedicated to the production of the Alpine A110 sports coupé. This industrial facility is unique in Europe, capable of assembling a body and chassis made entirely of aluminum.



## Africa, Middle East, India Region



### Industrial sites :

Casablanca, Tangiers (Morocco)  
Chennai, Pune (India)  
Oran (Algeria)  
Tehran (Iran)

### A growing region, in both sales and production

Algeria, Iran and Morocco had record production in 2017.

- In the **Africa - Middle East - India Region**, the Group's registrations rose by 8% in a market that was up 2%. Market share rose 0.4 point to 6.6%. The number of vehicles produced in 2017 reached 725,000 units (vs. 640,000 in 2016).
- In **Morocco**, 7 Renault and Dacia models were among the Top 10 cars sold. Market share reached a record level of 41.8%. The Tangiers and Casablanca factories beat their production records, with over 300,000 and 75,000 vehicles produced respectively in one year.
- In **Algeria**, the Group is leader, with over 61,000 sales. In 2017, the Renault Algeria Production plant in Oran produced its 100,000<sup>th</sup> vehicle since its inauguration in November 2014. After the SYMBOL and SANDERO, CLIO is the third model to be produced on the Oran site. 2017 marks the start of construction on a new CKD plant, which is scheduled to start production in late 2019.
- Thanks to its performance in its three major countries, South Africa, Algeria and Morocco, Groupe Renault is No. 1 in **Africa** with more than 200,000 sales on the continent.
- **Iran** also beat its sales record with 162,000 units, up 49% from 2016. Renault now has a market share of over 10% thanks to the success of the TONDAR and SANDERO.
- In **India**, Renault sold over 100,000 vehicles and, with its 3.1% market share, remains the largest European car brand. CAPTUR was the latest model to be launched, in late 2017.

## Eurasia Region



### Industrial sites :

Bursa (Turkey)  
Moscow, Togliatti, Izhevsk (Russia)  
Mioveni (Romania)

### Record earnings for a leading group in Eurasia

...thanks to its three brands, Renault, Dacia and Lada.

- **Eurasia** is Renault's second-largest region in terms of volume and the largest in terms of market share, with a record level of 24.5% in 2017 and registrations up 13.6% to 733,000 vehicles.
- In a **Russian market** that is growing again for the first time in four years (+12.2%), the Group increased its sales by 16.9%. Renault had a record market share of 8.5%, thanks to the success of the KAPTUR and DUSTER, and Lada, which is still the leader, had a market share of 19.5%. **AVTOVAZ** is recovering financially, thanks to a strong dynamic of cost reduction and the success of its recent models, the Lada VESTA and XRAY. Russia is the Group's second-largest group worldwide. This year, it inaugurated a Digital Hub, a development center for connected cars in Moscow.
- In **Turkey**, Renault achieved historic sales levels, with a 7% increase in a market that was down 2.8%. The success of the MEGANE Sedan was confirmed, thus allowing Renault to become the number one brand in the country once again.
- Groupe Renault in Romania, where the Global Access engineering and design centers are located, launched the New DUSTER this year. At the Group's **industrial platforms** in Pitesti (Romania) and Bursa (Turkey), more than 80% of production is for export. Even though the Renault Moscow and AVTOVAZ sites mainly produce for the Russian market, export projects increased in 2017. A few examples include Renault LOGAN bodies for Algeria and Lada exports to the CIS, as well as Cuba and the Middle East.



Renault CAPTUR



New Dacia DUSTER

## Asia-Pacific Region



### Industrial sites:

Busan (South Korea)  
Wuhan (China)

### China: on the road to growth

China doubled its sales and the success of the New KOLEOS was confirmed, however sales in South Korea fell by 10%.

In the Asia-Pacific Region, Groupe Renault registrations increased by 17% to 195,869 vehicles; growth which was strongly underpinned by China.

- **China** saw its sales double in 2017 from 2016, as this was the first full year for its two locally produced models, in a market that grew more slowly than anticipated (+2.1%). Nearly 70,000 KOLEOS and KADJAR were sold in China. This sales growth was achieved thanks to the rapid development of the sales network, which now has 200 sales points.
- **Korea** suffered a 10% decline in sales in a very competitive domestic market. The SM6 remained in second place in the segment. In the EV market, RSM launched the TWIZY, which recorded more than 1,000 orders, while the autonomy of the SM3 Z.E. improved significantly. RSM confirms its leadership in the area of quality by being first in SSQ (Sales Service Quality) for the fourteenth year in a row and first in CSQ (Customer Service Quality) for the second year.
- **Japan** experienced a record year with, for the first time in its history, more than 7,000 registrations (+34% vs. 2016) and reached the top 10 ranking among imported brands. This commercial success is based on the successful launch of the TWINGO, with over 2,700 registrations, and a steady performance by the KANGOO.
- The performance of **French Polynesia** is also notable, with over 1,000 registrations, the highest in several years.
- **Indonesia** had a successful KWID launch, which quadrupled sales.



## Americas Region



### Industrial sites:

Córdoba (Argentina)  
Curitiba (Brazil)  
Envigado (Colombia)  
Los Andes (Chile)  
Cuernavaca (Mexico)

### Market shares are up

In the **Americas** Region, sales were up 9.9% in a market up 7.2%, with a market share of 6.7%, up 0.2 point. The Group continues to take full advantage of the recovery in the **Brazilian market**, which is up 9.3%. Sales increased by 11.4% and market share reached a record level of 7.7% (+0.1 point), thanks to the good results of the New CAPTUR and KWID models. Since its launch in July, the KWID had already registered nearly 22,600 sales as of the end of 2017.

The Group continues to take full advantage of the recovery in the **Brazilian market**, which is up 9.3%. Sales increased by 11.4% and market share reached a record level of 7.7% (+0.1 points), thanks to the good results of the new CAPTUR and KWID models. Since its launch in July, the KWID had already registered nearly 22,600 sales as of the end of 2017.

**Brazil** should be experiencing growth again in 2018.

In an **Argentinian market** that is up 26.4%, the Group's share has risen by 16.3%, but it is still waiting for KWID production to ramp up.



Renault KWID



## Sales financing

Thanks to a growing global automotive market, RCI Banque posted a further increase in its sales performance in 2017, reaching a record level of activity in financing and services. RCI Banque is an important strategic partner of the Alliance brands.

In 2017, RCI Banque saw a sharp increase in its activity, with 1,771,016 contracts financed, representing an increase of 13.2% year-on-year.

The financing penetration rate stands at 39.6% compared to 37.7% in 2016. Excluding Turkey, Russia and India (companies accounted using the equity method, "EM"), this rate is as high as 42.6%, compared to 41.0% in 2016.

In this context, new finance contracts (excluding cards and personal loans) saw robust growth across all Alliance brands, with volume reaching €20.6 billion, up by 14.9% over the year.

Capitalizing on the dynamism of the automotive market and the strong growth in new and used vehicle financing, the Services business continues to grow, with a 27.5% rise in volumes compared to 2016. The volume of services sold as of the end of 2017 amounted to 4.4 million insurance policies and service contracts, of which 65% were for vehicle-related or customer-centric services.

## 1.1.5 The Group's main activities and performances by Region

The Group's activities have been organized into two main types of operating activities, in more than 130 countries:

- automotive, with the design, manufacture and distribution of products through its distribution network (including the Renault Retail Group subsidiary):
  - new vehicles, with several ranges (PC, LCV and EV [exclusively Renault]) marketed under five brands: Renault, Dacia, Renault Samsung Motors, Alpine and Lada. Vehicles manufactured by Dacia and RSM may be sold under the Renault badge in some countries,
  - used vehicles and spare parts,
  - the Renault powertrain range, sold B2B;
- miscellaneous services: sales financing, leasing, maintenance and service contracts.

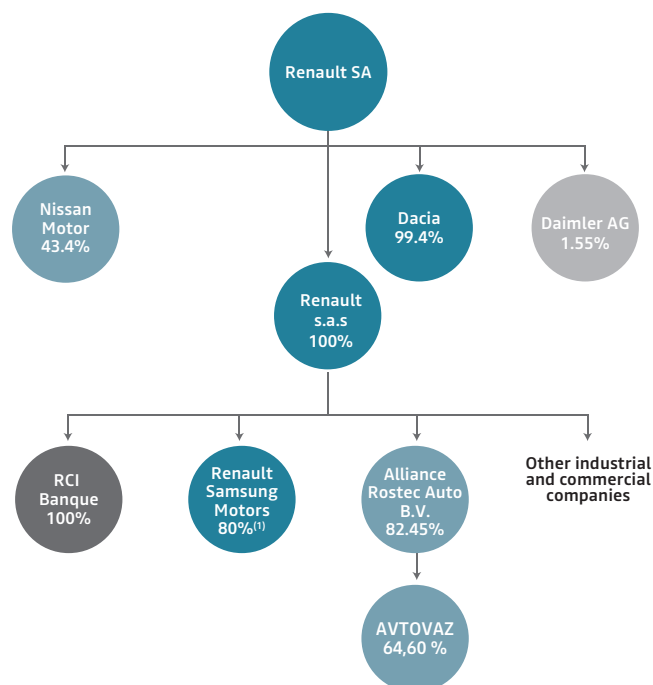
In addition, Renault has equity investments in the following two companies:

- Nissan;
- AVTOVAZ.

The shareholding in Nissan is accounted for under the equity method in the Group's financial statements and that in AVTOVAZ is fully consolidated.

### ● STRUCTURE OF GROUPE RENAULT

(as a % of shares issued)



- Associated companies
- Automobile division
- Sale financing
- Not include in the scope consolidation

(1) Indirect interest by Renault s.a.s.

### 1.1.5.1 Automotive: brands and ranges

Groupe Renault designs, manufactures and sells passenger cars and light commercial vehicles and innovative services accessible to as many people as possible under five automotive brands: Renault, Dacia, Renault Samsung, Alpine and Lada.

#### The Renault brand: passion for life

It is our passion to help our customers live their passion through our products and services.

We offer French Design, that is to say, sensual, warm design with particular attention to the quality of execution and finishing, as well as innovative concepts that rewrite the codes of the automotive market; and we also offer Easy Life, an experience tailored to the needs of our customers and which makes their lives easier so that they can enjoy life to the full, thanks to our products and services, on-board and outside connectivity and our intuitive services and equipment.

With locations in 134 countries and 12,000 points of sale, Renault offers a range of more than 30 models, all countries combined.

Renault – one of the few automotive brands to have been created in the nineteenth century – is helping to shape the history of the car.

In keeping with its widespread reputation for innovation, Renault continues to renew its automotive product lines. One proof of this is its commitment to electric vehicles. Since 2011, the brand has sold more than 145,000 electric vehicles and is a leader on the European market. In 2017, four new models in particular embodied this spirit of innovation to create a better life for the customer in each and every moment: the SCENIC, GRAND SCENIC, KOLEOS and ALASKAN. Renault also shared its vision of a future mobility that will be connected, autonomous and electric via the SYMBIOZ concept-car.

Proud of its French roots, Renault is also accelerating its international expansion. Renault's vehicle range is designed to meet local needs as effectively as possible in all locations. Renault designs cars for every stage of life, to meet everyone's needs, suit everyone's budget and fulfill everyone's passion. In 2017, after its success in India, the KWID entered the Brazilian market and the CAPTUR was marketed in Latin America and India.

Leader in electric vehicles in Europe with its Z.E. range, Renault constantly aims to make daily electric vehicle use even easier. With the Renault PRO+, the brand is committed to simplifying the lives of its professional customers with customized solutions. Our range of RS sports vehicles transform our customers' daily lives into an exhilarating experience and supplement our commitment to Formula 1, a vector of innovation and reputation.

Building on its experience in the widespread roll-out of technologies that change the in-car experience, in 2017 Renault launched its Renault EASY CONNECT platform, a connected experience designed to make driving its models safer, more fun and more efficient.

#### Passenger cars (PC)

In the small car segment (A and B-segments and similar passenger cars), Renault offers a wide range of complementary models: the KWID, LOGAN, SANDERO, SANDERO Stepway, TWINGO, CLIO, New CAPTUR, SYMBOL, SCALA and KANGOO.

The KWID, which was launched in October 2015 on the Indian market, in mid-2017 in Brazil and at year-end in Argentina, now totals almost 255,000 sales. Its success is a testament to the unique, trusted product offering designed to be affordable for as many people as possible as well as to the quality of the sales strategy that accompanied the launches: a dealer network that is motivated and fully supported by modern and efficient digital tools. The KWID thus confirms its very strong potential for global expansion. In 2016, the Renault brand remained the leader in the small cars segments (A+B) in Europe.

In the city car A-segment, the TWINGO, with its rear-engine design, is a good illustration of the brand's ingenious and innovative positioning. What sets it apart are its exceptional agility, its connectivity and its in-car experience. In 2017, the TWINGO continued to be the benchmark for its segment in France (26% share of the A-segment in 2017) and maintained its positions in Europe (6.3% share of the A-segment in 2017). Lastly, the TWINGO has expanded its range with the introduction of EDC in 70hp models since January (its second EDC model in addition to the 90hp) and iconic Limited Series such as "Midnight" or "La Parisienne", which were unveiled recently at the Frankfurt motor-show. The GT version launched in January is aimed at customers looking for driving pleasure and a sports car experience (110 horsepower engine and manual gear shift or EDC).

In the B-segment sedans, with the launch of Phase 2 in September 2016, the CLIO IV maintained its leadership position in Europe in 2017 (10.6% of the B-segment Sedan market in 2017). With the launch of two limited series in 2017 (Limited and Trend), the CLIO IV enhanced its range and remained the leader in France (21.6% of the B-segment Sedan market in 2017). This success has driven the introduction of a fourth production line, at the NOVOMESTO plant in Slovenia since February 2017, in addition to the sites at Flins (France), Dieppe (France) and Bursa (Turkey).

The station wagon version, with its attractive shooting-brake styling, remains in second place in this B-Break sub-segment in Europe (24.6% of the B-Break sub-segment in 2017). The RS version completes the range. The CLIO versions with Chassis Sport, Cup and Trophy, fitted respectively with 200hp and 220hp turbo gas engines coupled with the EDC automatic dual clutch, bring a whole new driving versatility to the sports segment. Finally, for customers seeking for a sporty look at reasonable budget, the Pack GT-Line offers a sporty appearance with an optional exterior and interior trim pack.

In the growing crossover B-sub-segment, CAPTUR marked 2017 with the launch of its Phase 2 in June. The launch was unanimously acclaimed by the international media, hailing a new version that is more mature and connected than ever, with its refined materials and noticeable superior quality (steering wheel, seats, finishings). The New CAPTUR now includes technological driver assist equipment (such as Easy Park Assist or Blind Spot Warning) and Multimedia solutions (like Android Smartphone Replication or Premium BOSE sound). This major revamp can also be seen in the INITIALE PARIS version, which is making its appearance for the first time on the CAPTUR, an expression of the badge's exclusive refined world. The model's range is further enhanced through the limited editions Cool Grey, and Iridium, which plunges the occupants into high-end luxury. Finally, the CAPTUR offers a wide choice of engines, with a 110 dCi BVM and a manual gearbox coupled with the TCe 120. All of this helps the CAPTUR maintain its leading position in Europe (18.1% of the Crossover B-segment in 2017) in an increasingly aggressive competitive environment



(arrival of the VW T-Roc, Citroën C3 Aircross, Hyundai KONA, Kia STONIC, Seat ARONA, etc.). Marketed in more than 45 countries, the CAPTUR is a global car that maintains its long-term leadership in the Crossover B-segment in Europe. The CAPTUR is very popular with our customers and makes a strong contribution to the brand's image in the countries where it is marketed.

The KANGOO has retained its fifth place in Europe's crew van segment in 2017 by outperforming the market. The KANGOO VP is marketed in 35 countries, with particular success in countries such as Morocco, where the model increased its market share in 2017. It is produced in Maubeuge (France) and at the end of 2017, celebrated the twentieth anniversary of the appearance of the Ludospace with sliding side doors!

The DUSTER is also a success in international markets thanks to its robustness, roominess, reliability and equipment tailored to the needs of different markets. The DUSTER represents a significant share of PC sales in India, Russia, Brazil, Colombia, Argentina and elsewhere, putting it at the top of the C-SUV segment sales in 2017 in all these countries. This success is repeated year after year!

Following Russia in 2016, the KAPTUR/CAPTUR made its entry on the various markets of South America and India in 2017. Produced in the Moscow, Curitiba and Chennai plants, the KAPTUR/CAPTUR, a C-segment SUV, is well matched with the DUSTER, thanks to its very attractive design and product characteristics adapted to the requirements of these markets. With more than 77,300 sales in 2017, the KAPTUR/CAPTUR confirmed its strong global expansion potential.

The **C-segment** represented 34.2% of the global market in 2017 and 40.4% in Europe, where Renault is in the Top 3 (behind VW and Ford) with a 7% segment share and more than 500,000 vehicles sold, an increase of +6.3% vs. 2016.

For the past 10 years, the **C-SUV segment** has continued to grow steadily worldwide, with a +11.5% rise in 2017.

In Europe, the increase is +21%, with more than 2.5 million vehicles sold, representing more than 35% of sales in the C-segment.

With its three main strengths (exterior design, versatility and efficient engines), and in an increasingly competitive market, the KADJAR continues to perform well, with nearly 155,000 vehicles sold in 2017.

In Europe, with more than 113,000 sales, it remains in the Top 10, with a segment share of 4.6%. In some major markets, it performed very well, as it did in France, where the model is in the Top 3 with a segment share of 8.7% and more than 31,000 registrations.

The KADJAR is also the top Renault vehicle manufactured in China, at the Wuhan plant, for the Chinese market. It was launched in the fastest-growing SUV segment in China. The model sold more than 25,000 units in 2017.

The **C-HATCH segment** increased by 22.6% worldwide in 2017, while in Europe it decreased by 4%. This was partially offset by the C-BREAK segment, which grew by 2.4%. In 2017, the HATCH+BREAK segment accounted for 41.7% of the C-segment, in which the MEGANE is in fifth place with a segment share of 5.8% (+1.87 pt vs. 2016) and more than 170,000 vehicles sold in Europe (+44.6% by volume vs. 2016).

2017, the first full year for all three bodies (marketing of the MEGANE Estate in September 2016 and of the MEGANE SEDAN in October 2016) was a year of growth for the model, in some markets more than others: France, MEGANE Top 2, (57,000 vehicles sold) 17.4% segment share (+3.2 pt vs. 2016); Top 3 in Spain, 8.3% segment share (+2 pts vs. 2016); MEGANE Estate the leader in Portugal, 19.1% segment share (+10.6 pts vs. 2016), and the Netherlands, 19.3% segment share (+13.1 pts vs. 2016).

Internationally, the model is doing well, especially in Turkey with the Sedan model. The MEGANE is the segment leader with more than 39,000 units sold in the year.

With 225,590 units sold, including 171,383 in Europe, the MEGANE, in these three bodies, is gaining on its main competitors.

The model is very popular with its buyers for its design, comfort and level of equipment. Moreover, the design continues to be the first reason for choosing the model, unlike the rest of the segment, where the first reason for buying is usually brand loyalty.

**In a declining C-MPV segment**, Renault reinvented the compact MPV in 2016. It is still flexible and even more desirable as the SCENIC. Marketing of the New GRAND SCENIC began in January 2017.

In 2017, the SCENIC has already attracted nearly 105,060 customers in Europe, with a 13.9% segment share (+12 pts vs. 2016), thus occupying second place and it is already the leader in France, Belgium and the Netherlands.

In France, the SCENIC (47,279 vehicles sold) represents a segment share of 32% (+26.2 pts vs. 2016). In Belgium, the SCENIC (7,314 vehicles sold) reached a segment share of 21.4% (+19.8 pts vs. 2016), and in the Netherlands (2,934 vehicles sold) the segment share was 19.1% (+18.2 pts vs. 2016).

The SCENIC improved its engine range with the introduction of a new gasoline engine available with manual or automatic transmission, as well as a new Hybrid Assist technology in the range's flagship diesel version.

Since 2017, all Renault brand high-end models have been marketed in all major markets. The Renault KOLEOS, marketed in Europe starting in mid-2017 (and introduced to the press in June) has completed this cycle, which began in spring 2015 with the Renault ESPACE. The Renault TALISMAN sedan and station wagon followed, with marketing spread between December 2015 and spring 2016. Lastly, starting in August 2016, the New Renault KOLEOS was introduced outside Europe.

The New Renault ESPACE has addressed the changing needs of its customers through major innovation:

- aesthetics: the vehicle's silhouette is now a crossover with clear references to the world of the SUV but with streamlined, aerodynamic and elegant styling;
- technology and safety: the vehicle incorporates all of the driver assist systems available on the market, building them into an innovative interior with Renault's signature capacitive screen at its center. The vehicle will also have the 4CONTROL chassis, four wheel steering technology which offers improved agility and extremely dynamic road holding;
- quality: the choice of interior materials, powertrain reliability and new industrial processes are designed to meet customers' highest expectations.

In 2017, Renault ESPACE celebrated two important events. Firstly, the product itself: the capacity of the 200hp gasoline engine was increased to 225hp. The performance and refinement of that version were hailed by the press.

The second event was commercial in nature: Renault ESPACE is now exported to China. Actual marketing began on November 1, and it is the first time that the flagship of the brand has been marketed in a large market outside Europe. Its role will be to top off and supplement the range manufactured locally (the Renault KADJAR and Renault KOLEOS).

The Renault ESPACE sold 18,441 vehicles in 2017 with a 17.1% market share in its category in Europe (excluding unreleased right-hand drive vehicles). It is first in that category in France, Belgium, Italy and the Netherlands and second in Spain and Luxembourg. As has been the case since its launch year, more than 45% of ESPACES sold in 2017 were the "INITIALE PARIS" version (rising), which confirms its actual position in the high-end line. The "INITIALE PARIS" line is the most high-end vehicle offered and represents the pinnacle of in-car well-being for Renault.

The TALISMAN is in the highly competitive large prestige sedan segment (D-segment). To appeal to potential clients, whether private individuals or company executives, the TALISMAN boasts four key strengths:

- sleek, assertive styling with a hint of Latin sensuality while adhering to the segment's strict rules of the three-box sedan (or station wagon);
- a spacious and comfortable cabin with front seats inspired by airline business class: high-quality workmanship and best-in-class functionality: heating, ventilation and integrated massage function;
- immersive driving pleasure: MULTI-SENSE technology to match the driver's mood. The TALISMAN is the only D-segment sedan to have 4CONTROL four-wheel steering (moreover combined with active damping), allowing it to deliver unique road handling, plus safety, agility and dynamism, and outstanding ride comfort;
- modern petrol and diesel engines that balance performance and efficiency with fuel economy and CO<sub>2</sub> emissions starting at 3.6 l/100km and 95g CO<sub>2</sub>/km (NEDC standard).

In 2017, the Renault TALISMAN Sedan and station wagon sold (excluding unreleased right-hand drive vehicles) 32,300 units and 7.0% of its category in Europe (up 0.5 point), excluding luxury and premium brands, coming in fifth, one place better than in 2016. Approximately 11,500 TALISMAN are sold outside Europe, including about 7,000 in Iran, where it enjoys great success as the flagship of the brand.

The New Renault KOLEOS is a D-segment SUV. The SUV category is where growth has been strongest out of all global markets. The Renault KOLEOS is the top of the range in markets outside Europe where Renault ESPACE is not sold. Since its introduction in Europe in 2017, it has been marketed in more than 80 markets on all continents. The Renault KOLEOS is also the second vehicle (after the Renault KADJAR) developed by Renault in China as part of its entry into the market as a local manufacturer. The Renault KOLEOS cars made in China are intended exclusively for the local market. Other global markets are served by the plant operated by Renault Samsung Motors in South Korea. The success of the Renault KOLEOS is based on its powerful SUV design combined with a refined interior, two advantages praised by the international press during its global presentation in July 2016 and confirmed during the European launch in June 2017.

In 2017, 76,000 KOLEOS were sold (this figure does not include the volumes sold under the RSM brand, which bring the total to 104,000 units), of which 44,000 were sold in China and 13,200 in Europe.

## Light commercial vehicles (LCVs)

Group Renault is continuing to develop light commercial vehicles, not only under the Renault brand but also through manufacturing partnerships with General Motors, Nissan, Renault Trucks, Daimler and, since 2016, with Fiat on the TALENTO van.

Renault strengthened its offensive on the pick-up market with the Renault Alaskan, the new Renault pick-up with an athletic, powerful and ingenious design. Launched at the end of 2016 in Colombia, it ranks fifth in the segment with 5.6% segment share. Its geographic expansion continues; The Renault Alaskan has been available in France and Europe since October 2017.

The pick-up market represents a potential for winning new markets and customers, as demonstrated by the Renault OROCH, which broke its sales record with 31,418 units in 2017. It is first in its segment in Colombia, second in Argentina and is a hit with importers in Uruguay and Peru. In Brazil, with 11,000 sales, the OROCH faces stiff competition from the Fiat TORO on the 0.5t pick-up segment.

In late 2015, Renault launched the expert Renault Pro+ brand for professional customers all over the world, by highlighting the products and services dedicated to them. The specialized Renault Pro+ network is the spearhead of the expert brand. Launched in 2009, this specialized network currently consists of 650 points of sale that meet standards tailored to business customers' expectations.

The Group's sales performance in 2017 was exceptional in many ways with historic PC and LCV sales records for the DUSTER, OROCH, ALASKAN, DOKKER, TRAFIC and MASTER! As a result, with 462,900 sales of LCVs, or 4.56% global market share (excluding North America), the Group has set a new benchmark. In Europe, Renault broke its sales record (332,000) and remains a strong leader with 15.7% of the LCV market (excluding pick-ups). Outside Europe, the Group set a new record of 130,000 sales, or more than 28% of its sales worldwide, thanks to the Americas and Asia-Pacific Regions, which had their best performance ever in 2017.

Renault's LCV range comprises vehicles from 1.6 to 6.5 metric tons and from 2 to 22m<sup>3</sup>, in gasoline, diesel and electric versions (KANGOO Z.E. and very soon the MASTER Z.E.).

In the light van segment (less than 2 metric tons), the KANGOO Express remains a market benchmark. Its sales continue to grow, and 2017 turned out to be KANGOO'S second-best year with 136,800 PC + LCV sales. The model passed the 1,000,000 mark for KANGOO made in Maubeuge (France) in early 2016 and reached the 30,000 figure for the KANGOO Z.E. in October 2017. The KANGOO Express built on its three lengths and extended its range in 2017, with a diesel DC4 automatic transmission model.

The first generation of the KANGOO, manufactured in Cordoba (Argentina), successfully ended its run by becoming Renault's light van market leader in South America once again with a segment share of more than 34% (+9% in volume). A total of 2,650,000 first-generation KANGOO were produced! A new model will be launched in 2018.

In the van segment (between 2 and 6.5 metric tons), Renault is continuing its offensive with the TRAFIC and MASTER range that was revamped in late 2014. In 2017, the TRAFIC and MASTER set a new sales record, for the second and third consecutive years respectively.

Developed in partnership with General Motors, the Renault TRAFIC has seen production return from the Nissan plant in Barcelona to the Renault site at Sandouville, in France. The new production record in 2017 reflects both the commercial success of this van and the good health of the plant, which since the second half of 2016 has also been producing vehicles for partners Fiat and Nissan, in addition to part of the production of Vauxhall/ Opel.

Intended as a mobile office, with a robust, dynamic design that captures the Renault brand identity, the TRAFIC is larger and more comfortable with increased working length and capacity. Combining fuel efficiency and performance, the Renault TRAFIC offers respectable fuel economy of 6 l/100km for its 125 dCi engine (fuel consumption reduced by an average of 1 l/100km compared with the previous generation).

In 2017, the Renault TRAFIC totaled over 100,000 annual sales (104,913 units) and strengthened its third-place position in the Compact Van LCV segment in Europe (15.0%).

In the large van segment, the Renault MASTER offers "made-to-measure" features and enhanced safety, with over 350 versions, four lengths, three heights, vans, combis, platform and chassis cab, front and rear-wheel drive, etc., offering a working volume of between 8 and 22m<sup>3</sup>.

In terms of engines, the Renault MASTER has a 2.3 dCi engine range of 110hp to 170hp, with gains in fuel consumption of up to 1.5 l/100km. The Twin Turbo engines incorporate two turbochargers as standard equipment that allow the engine to still function within optimal performance ranges with regard to CO<sub>2</sub> consumption and emissions.

The MASTER is manufactured at the Batilly plant (France) and Curitiba plant (Brazil). It is sold in 30 different countries. In Europe, the Large Van LCV market share stood at 13.7% (including sales of Renault Trucks) and placed the Renault MASTER on the podium, ahead of the Ford TRANSIT 2T. Internationally, in 2017 the Renault MASTER positioned itself as a leader in strategic markets, particularly in Brazil (50.7% segment share), and continues its expansion, particularly in Australia (17.3%).

## Renault Z.E.: a 100% electric offer

In 2017, Renault maintained its leadership in 100% electric vehicles in Europe. Almost one in four electric vehicles sold in Europe is a Renault. Thanks to the success of the new Z.E.40 battery, which offers an effective range of 300km, ZOE was the best-selling electric car on the European market for the third consecutive year.

In the electric light commercial vehicle segment, the KANGOO Z.E. remains the leader in Europe. The KANGOO Z.E. was given a new battery and a new engine from the middle of the year for an increased driving range. In addition, Renault announced the extension of its PC+LCV range with the launch of the MASTER Z.E.

Groupe Renault is also innovating on its products internationally. Like its European cousins, the SM3 Z.E. sedan sold under the RSM brand in Korea also has a new battery with an improved range.

Since the launch of the Renault electric program, the Group has sold more than 140,000 electric vehicles in Europe (92,000 ZOE, 29,000 KANGOO Z.E., 2,400 FLUENCE Z.E. and 20,000 TWIZY). Sales of the Group's electric vehicles are also increasing outside Europe thanks to certain models, such as the TWIZY in Korea.

Groupe Renault's good performance is part of the Alliance's overall strategy. In 2017, the Renault-Nissan Alliance surpassed 500,000 100% electric vehicles sold, a performance that allows it to remain in first place in the global EV market.

The 100% electric market continues to grow at a strong pace (+44% vs. 2016). Global sales surpassed 700,000 units for the first time in 2017. The arrival of competitors and announcements made by other major manufacturers testify to the pertinence of Groupe Renault's electric strategy and contribute to the renown of electric vehicles.

The main EV markets in the world are China and Europe (more than 2/3 of the global market). In 2017, the European market reached a new record with close to 150,000 vehicles sold. Norway is the leading European market for electric vehicles in terms of volume and market share: more than one vehicle in six sold is electric. France, which is now the second-largest European market for electric vehicles (largest in 2016) saw its registrations increase by 13%.

For Groupe Renault, the largest markets are France, Germany, Austria and Spain.

The growth of the electric market is also linked to infrastructure. The number of charging stations has multiplied in some regions to meet growing demand from users of electric vehicles. Moreover, today electric vehicles are going further and further. For example, in the United Kingdom, the rapid charging station network covers 100% of motorways.

To facilitate the use of electric vehicles, Renault deploys innovative connected services, such as the Z.E. Pass application, which allows drivers to directly recharge their ZOE on almost all identified terminals on their route in Europe. It is both a way to access recharging terminals and a means of paying for recharges. The service offer was enriched at the end of the year with the Z.E. Smart Charge application, which allows ZOE owners to save money through the smart charging of their vehicle, thus giving the power grid flexibility.

Renault is committed to ecosystem development that promotes – and is encouraged by – the widespread rollout of electric mobility. Thanks to its Renault Energy Services subsidiary in particular, Renault is joining forces with various partners to impact the energy market. It is based on electric vehicles but also on the multiple "second life" uses for their batteries.

## Dacia: a new record year

Founded in Romania in 1966, Dacia is present in 44 countries in Europe and the Mediterranean basin. The philosophy of the Dacia brand is the assurance of a range of vehicles and services that are attractive and simple, reliable and well priced. Today, with iconic models and a strong community spirit, Dacia has already attracted nearly five million customers since 2004, the year in which it launched the LOGAN, Groupe Renault's first vehicle in the brand's renewal.

- the brand continues to grow (sales up +12% versus 2016) and has set a new sales record of 655,235 vehicles;
- the brand is the leader in Romania, Bulgaria and Morocco;
- the Europe and AMI Regions are both breaking records in volume and market share;
- Dacia has sold nearly five million vehicles since 2004.

Dacia offers a range of robust, reliable vehicles with a three-year or 100,000km warranty. Dacia has a clear commercial offering (equipment, price policy), making the purchase as simple as possible. Vehicle equipment and features, kept to a strict minimum, are easy to use and maintain. And of course, Dacia customers enjoy unbeatable value for money. With the Dacia range, customers who previously would have purchased a used vehicle can now afford to buy new. The Dacia range is sold in 44 countries in Europe, Northwest Africa, Turkey and Israel.

With nearly five million vehicles sold in Europe and the Mediterranean Region since 2004, Dacia remains a remarkable success story. It had a very good year in 2017 with sales up 12% over 2016, achieving a record volume of 655,235 vehicles by the end of 2017 based on its full range, with the DUSTER, SANDERO, SANDERO Stepway, LOGAN, LOGAN MCV, LODGY and DOKKER.

In Europe, Dacia achieved a dual record in both volume (463,712 registrations at the end of 2017, +12%) and market share (2.63%, +0.2 pt)

In AMI, Dacia also achieved a dual record in volume (92,704 registrations by the end of 2017, +20.5%) and market share (12.82%, +2.44 pts)

In France, Dacia is ranked third in the retail passenger car (PC) market.

Dacia is market leader in the PC and LCV market in Romania, Morocco and Bulgaria.

In addition to its commercial success, Dacia has found a way of uniting its customers around a "smart purchase".

In many countries, customers can come together to discuss and share their common values: freedom of spirit, simplicity and generosity. These community events get bigger every year. They are truly convivial moments which create a strong bond between customers and the brand.

On social networks, Dacia customers are also keen to express their commitment to the brand on Facebook. The community on this social network continues to grow, and Dacia now has almost four million followers.

### **New Dacia DUSTER: more DUSTER than ever**

Following seven years of success and over one million sales, the DUSTER is getting a new look. The brand's icon has been renewed while its strengths (practicality, off-road capabilities, etc.) have been retained. The New DUSTER affirms its SUV personality with a rugged completely new exterior design. The unique interior marries comfort, perceived quality and ergonomics. New equipment such as the multi-view camera system makes it easy to use in 4X4 mode. And with its still unbeatable price, it is designed to attract customers and continue the successful DUSTER saga.

With a design that was revamped at the end of 2016, the LOGAN, LOGAN MCV, SANDERO and SANDERO Stepway range had a very successful year with more than 345,510 sales, up 16.3%.

The Dacia LODGY MPV is a vehicle with the interior space of a large C-segment minivan sold for the price of a B-segment minivan. This vehicle is a response to the needs of families who traditionally buy used vehicles. With its Stepway version, the LODGY boasts a muscular look and a strong personality inspired by the world of crossover vehicles.

In 2017, sales of the DOKKER, the practical and versatile 5-seater crew van, and the DOKKER Van, its LCV version, continued to grow in the European and international markets. The success of the Stepway version has given the DOKKER a further boost in the crew van segment in Europe.

### **Renault Samsung Motors: the pillars of the brand have been successfully renewed**

- Sold exclusively in South Korea, the Renault Samsung Motors (RSM) brand has a strong range of four sedans and two SUVs. The RSM is the market leader in the quality of sales and after-sales service.
- Brand volumes amounted to nearly 100,000 units in 2017 with a market share of 6.5% in a year with no new model launches.

In terms of sedans, the SM3 covers the C-segment and is also available as an electric version, the SM3 Z.E.

The SM6 sedan replaced the SM5 in the family segment. The SM6 is closely derived from the Renault TALISMAN. Both vehicles were developed at the same time by the two engineering centers Renault Technologies Korea in Seoul and the Renault Technocentre in France. Marketed in March 2016, the SM6 was an immediate success that extended into 2017: the SM6 achieved 39,389 sales, or 17.7% market share (second place), thus continuing its disruption of the brand hierarchy that began in 2016: the SM6 outsold the Kia K5 for the second year in a row.

The SM5 sedan is still being marketed, and it serves as an entry-level model for the SM6. Its volumes increased in 2017 to 7,250 units.

In the large luxury sedan segment, the brand has the SM7, featuring a V6 engine and the latest technology of the Renault-Nissan Alliance. Volumes also increased for this model in 2017 to reach 6,000 units.

For SUVs, the range includes the QM3 (12,200 sales), derived from the Renault CAPTUR, and the QM6, launched on September 1, 2016. The QM6 is a D-segment SUV very close to the Renault KOLEOS. Both vehicles are manufactured on the same production line at the Busan plant in the south of the country, which is the sole production center for this model for the global market, with the exception of China, which has its own plant. In 2017, 27,800 RSM-brand units were sold on the local market, placing it third in the category with around 13% market share.

Whereas the QM3 is imported from Europe, all of the other RSM brand models are manufactured at the Busan plant. Illustrating the synergies of the Alliance, this plant also produces the ROGUE model for Nissan, which is exported to North America, with a total of 123,000 units in 2017 (this model shares the RSM QM6 and Renault KOLEOS platform).

## Alpine: back on top

Founded in 1955 by Jean Rédélé, a man with a passion for motor racing, Alpine is Groupe Renault's premium motorsports brand. The Alpine myth was born with the A110 Berlinette's victory at the Monte Carlo Rally in 1971 and 1973. Today, Alpine returns with a New A110, which was unveiled at the 2017 Geneva motor-show. Reflecting the timeless principles that made Alpine's success – compactness, lightness and agility – this 2-seater mid-engine coupé remains true to the spirit of its origins and the A110 "Berlinette". Manufactured in Dieppe, France, it was marketed in late 2017 in continental Europe and will be marketed in Britain and Japan in 2018. The 1,955 numbered copies of the New Alpine A110 First Edition were sold out in a few days, and several hundred orders have already been recorded for the New A110 series that will be produced in 2018.

At the end of October 2017, a few weeks before delivery of the production car, Alpine launched the A110 Cup, which will be developed starting in 2018 on the European circuits as part of the Alpine Europa Cup, the FIA international series that visits six of the largest circuits in Europe.

With competition in its genes, as last season's LMP2 FIA WEC World Champion, the Alpine finished third in the LMP2 Endurance Trophy in the 2017 FIA WEC after a very competitive season.

## Lada: a new era is beginning!

Lada has been Groupe Renault's second access brand since the end of December 2016. A historic leader in the Russian market for 50 years, AVTOVAZ is the largest manufacturer of the Renault-Nissan Alliance in Russia.

2015 and 2016 were marked by the start of the marketing of the Lada VESTA, a product that combines the renewal of the brand's design code, X-DNA, and the marketing of the X-RAY crossover.

A range of vehicles and services accessible and adapted to local conditions, a completely renewed design and a network in full flux: a new era is beginning for the Russian brand Lada. Since 2017, Groupe Renault has consolidated sales of the Lada brand.

In 2017, AVTOVAZ confirmed its growth potential with sharply rising sales and a market share in Russia that was the highest in six years:

- because of the more favorable business environment, sales rose by 15.7% to more than 300,000 Lada vehicles, 16.2% of which were sold in the Russian market and 44.5% internationally, thanks to the success of the new Lada XRAY and Lada VESTA models, with the new SW and SW Cross versions;
- the Lada brand is the leader in the PC automotive market in Russia with a market share of 20.5%, an improvement of almost one percentage point compared to 2016 and the highest in the last six years;
- this growth can be explained by the success of its models, with four Lada vehicles among the Top 10 most sold vehicles in Russia, with the Lada GRANTA and Lada VESTA in second and third place;
- AVTOVAZ can rely on Russia's largest network with 300 points of sale, nearly 60% of which have adopted the brand's new visual identification standards;
- in the export market, AVTOVAZ has developed a strategy to recapture its historical markets with the help of its new models and it has registered record market shares in Belarus (11.1%, up 3.3 percentage points) and Kazakhstan (18.7%, up 1.4 percentage points);
- AVTOVAZ also produced 107,375 units (up 13.8%) for Renault with the LOGAN, SANDERO, SANDERO Stepway, Nissan ALMERA and Datsun ON-DO and MI-DO, sold partly on the Russian market and partly for export

## 1.1.5.2 Internationalization of the Group

### % OF SALES OUTSIDE EUROPE

Group sales internationally (%)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
International weighting	34.6	36.7	33.8	37.4	43.1	50.1	50.5	46.0	42.5	43.3	49.19
International sales	860,952	874,655	779,676	983,682	1,172,696	1,277,229	1,326,288	1,247,100	1,194,735	1,377,335	1,850,465

### ALL BRANDS WORLD MARKET BY REGION – 2017

In volume and as a % of the TAM PC + LCV

	In volume	As a % of worldwide TAM PC + LCV
<b>TOTAL EUROPE</b>	<b>17,610,068</b>	<b>18.9%</b>
France	2,548,538	2.7%
G9	15,061,530	16.2%
<b>TOTAL INTERNATIONAL</b>	<b>75,644,845</b>	<b>81.1%</b>
Africa - Middle East - India	8,057,159	8.6%
Eurasia	2,994,649	3.2%
Americas	5,845,186	6.3%
Asia-Pacific	39,467,439	42.3%
North America	19,280,412	20.7%
<b>TOTAL WORLDWIDE</b>	<b>93,254,913</b>	<b>100.0%</b>

**GROUPE RENAULT SALES WORLDWIDE BY REGION**

In volume of PC + LCV, including Renault, Dacia, Renault Samsung Motors and Lada

	2017	2016
<b>TOTAL EUROPE</b>	<b>1,911,169</b>	<b>1,809,951</b>
France	673,852	651,780
G9	1,237,317	1,158,171
<b>TOTAL INTERNATIONAL</b>	<b>1,850,465</b>	<b>1,658,223</b>
Africa - Middle East - India	532,391	491,301
Eurasia	732,786	645,278
Americas	389,419	354,241
Asia-Pacific	195,869	167,403
<b>TOTAL GROUP</b>	<b>3,761,634</b>	<b>3,468,174</b>

**GROUPE RENAULT SALES WORLDWIDE BY BRAND**

In volume of PC + LCV

	2017	2016	% change
<b>Renault</b>			
Passenger cars*	2,264,075	2,094,905	8.1%
Light commercial vehicles	406,914	392,977	3.5%
<b>TOTAL RENAULT</b>	<b>2,670,989</b>	<b>2,487,882</b>	<b>7.4%</b>
<b>Dacia</b>			
Passenger cars	610,160	542,463	12.5%
Light commercial vehicles	45,075	41,752	8.0%
<b>TOTAL DACIA</b>	<b>655,235</b>	<b>584,215</b>	<b>12.2%</b>
<b>Renault Samsung Motors</b>			
Passenger cars	99,846	111,097	-10.1%
<b>TOTAL RENAULT SAMSUNG MOTORS</b>	<b>99,846</b>	<b>111,097</b>	<b>- 10.1%</b>
<b>Lada</b>			
Passenger cars	324,694	274,968	18.1%
Light commercial vehicles	10,870	10,012	8.6%
<b>TOTAL LADA</b>	<b>335,564</b>	<b>284,980</b>	<b>17.8%</b>
<b>Group</b>			
Passenger cars	3,298,775	3,023,433	9.1%
Light commercial vehicles	462,859	444,741	4.1%
<b>TOTAL GROUP</b>	<b>3,761,634</b>	<b>3,468,174</b>	<b>8.5%</b>

\* Including Alpine.

## Europe Region sales

### MARKET ALL BRANDS EUROPE REGION

By volume of PC + LCV registrations

	2017	2016
Austria	393,690	365,708
Baltic States	78,713	69,387
Belgium + Luxembourg	685,061	667,112
Croatia	59,301	52,465
Czech Republic	290,706	278,932
Denmark	258,613	260,388
Finland	134,704	133,093
France	2,548,538	2,425,270
Germany	3,715,260	3,613,537
Greece	94,823	84,640
Greek Cyprus	15,166	14,520
Hungary	136,465	118,100
Iceland	23,495	20,267
Ireland	155,548	174,852
Italy	2,162,603	2,026,756
Malta	8,586	8,161
Netherlands	488,178	453,167
Norway	196,086	191,774
Other Balkans	46,740	40,560
Poland	541,899	475,147
Portugal	260,840	242,337
Slovakia	103,642	95,664
Slovenia	83,041	73,635
Spain + Canary Islands	1,434,434	1,319,805
Sweden	434,861	424,317
Switzerland	348,702	349,361
United Kingdom	2,910,373	3,075,971
<b>TAM EUROPE</b>	<b>17,610,068</b>	<b>17,054,926</b>

**RENAULT BRAND SALES<sup>(1)</sup> AND MARKET SHARES**

In volume and as a % of the TAM PC + LCV

Renault markets	2017			2016		
	Sales	Market share	Ranking	Sales	Market share	Ranking
Austria	23,746	6.0%	4	22,619	6.2%	4
Baltic States	5,294	6.7%	5	4,852	7.0%	5
Belgium + Luxembourg	67,496	9.9%	1	72,882	10.9%	1
Croatia	5,837	9.8%	2	5,266	10.0%	2
Czech Republic	13,376	4.6%	6	12,423	4.5%	6
Denmark	19,152	7.4%	4	19,226	7.4%	4
Finland	5,541	4.1%	11	5,177	3.9%	11
France	554,489	21.8%	1	539,670	22.3%	1
Germany	160,295	4.3%	8	147,701	4.1%	8
Greece	3,654	3.9%	12	3,135	3.7%	12
Greek Cyprus	397	2.6%	11	594	4.1%	8
Hungary	7,119	5.2%	8	6,613	5.6%	7
Iceland	1,290	5.5%	6	1,124	5.5%	5
Ireland	11,557	7.4%	6	11,954	6.8%	6
Italy	152,491	7.1%	4	137,710	6.8%	4
Malta	492	5.7%	8	524	6.4%	5
Netherlands	50,118	10.3%	2	43,746	9.7%	2
Norway	4,261	2.2%	16	3,917	2.0%	15
Other Balkans	3,743	8.0%	3	3,749	9.2%	2
Poland	36,215	6.7%	5	32,095	6.8%	6
Portugal	37,823	14.5%	1	33,362	13.8%	1
Slovakia	5,035	4.9%	6	4,729	4.9%	7
Slovenia	12,272	14.8%	2	10,388	14.1%	2
Spain + Canary Islands	129,458	9.0%	1	115,731	8.8%	1
Sweden	21,811	5.0%	6	19,648	4.6%	9
Switzerland	17,695	5.1%	7	18,201	5.2%	6
United Kingdom	90,051	3.1%	12	112,080	3.6%	9
<b>RENAULT TOTAL</b>	<b>1,440,708</b>	<b>8.2%</b>	<b>2</b>	<b>1,389,116</b>	<b>8.1%</b>	<b>2</b>

(1) Excluding sales to governments.



**DACIA BRAND SALES<sup>(1)</sup> AND MARKET SHARES**

In volume and as a % of the TAM PC + LCV

Dacia markets	2017		2016	
	Sales	Market share	Sales	Market share
Austria	9,800	2.5%	8,468	2.3%
Baltic States	2,240	2.8%	1,842	2.7%
Belgium + Luxembourg	20,868	3.0%	19,277	2.9%
Croatia	2,760	4.7%	2,462	4.7%
Czech Republic	15,382	5.3%	13,075	4.7%
Denmark	4,460	1.7%	4,692	1.8%
Finland	1,877	1.4%	1,628	1.2%
France	119,356	4.7%	112,108	4.6%
Germany	64,918	1.7%	50,972	1.4%
Greece	803	0.8%	624	0.7%
Greek Cyprus	95	0.6%	114	0.8%
Hungary	8,556	6.3%	6,275	5.3%
Iceland	739	3.1%	663	3.3%
Ireland	3,731	2.4%	4,478	2.6%
Italy	63,374	2.9%	52,286	2.6%
Malta	171	2.0%	161	2.0%
Netherlands	5,035	1.0%	4,863	1.1%
Norway	110	0.1%	308	0.2%
Other Balkans	3,601	7.7%	3,254	8.0%
Poland	23,944	4.4%	19,274	4.1%
Portugal	6,900	2.6%	5,789	2.4%
Slovakia	4,580	4.4%	4,047	4.2%
Slovenia	4,341	5.2%	3,327	4.5%
Spain + Canary Islands	56,301	3.9%	54,543	4.1%
Sweden	5,523	1.3%	5,989	1.4%
Switzerland	9,006	2.6%	7,792	2.2%
United Kingdom	25,211	0.9%	26,562	0.9%
<b>DACIA TOTAL</b>	<b>463,682</b>	<b>2.6%</b>	<b>414,873</b>	<b>2.4%</b>

(1) Excluding sales to governments.

**LADA BRAND SALES**

In volume of PC + LCV

Lada markets	2017	2016
Austria	232	141
Baltic States	169	326
Belgium + Luxembourg	39	46
Croatia	2	0
Czech Republic	232	131
Finland	12	1
France	0	2
Germany	2,833	1,709
Hungary	1,065	1,160
Italy	36	7
Other Balkans	475	418
Poland	21	8
Slovenia	3	0
Slovakia	527	181
Spain + Canary Islands	1	0
Sweden	0	3
Switzerland	10	11
<b>TOTAL LADA</b>	<b>5,657</b>	<b>4,144</b>

**Sales Africa - Middle East - India Region****MARKET ALL BRANDS AFRICA - MIDDLE EAST - INDIA REGION**

By sales volume PC + LCV

Principal markets	2017	2016
Algeria	98,670	118,224
Dubai	177,586	205,395
Egypt	125,500	205,903
India	3,670,028	3,351,638
Iran	1,499,744	1,290,763
Israel	281,563	289,521
Kuwait	102,573	112,586
Morocco	168,593	163,108
Pakistan	240,276	203,492
Saudi Arabia	518,657	669,518
South Africa + Namibia	533,675	524,447
<b>TAM AFRICA MIDDLE EAST INDIA</b>	<b>8,057,159</b>	<b>7,898,136</b>

**RENAULT BRAND SALES<sup>(1)</sup> AND MARKET SHARES**

In volume and as a % of the TAM PC + LCV

Renault main markets	2017		2016	
	Sales	Market share	Sales	Market share
Iran	162,079	10.8%	108,536	8.4%
India	112,489	3.1%	132,235	3.9%
Algeria	31,146	31.6%	42,449	35.9%
Saudi Arabia	25,064	4.8%	15,979	2.4%
Morocco	23,688	14.1%	18,318	11.2%
South Africa + Namibia	22,632	4.2%	18,707	3.6%
Israel	13,579	4.8%	13,091	4.5%
Overseas departments*	12,509	17.2%	12,098	17.8%
Egypt	9,500	7.6%	23,898	11.6%
Tunisia	4,511	7.5%	4,513	7.3%
<b>RENAULT TOTAL</b>	<b>438,144</b>	<b>5.4%</b>	<b>414,375</b>	<b>5.2%</b>

\* Overseas departments: Reunion, Martinique, Guadeloupe, French Guiana and Saint-Pierre et Miquelon.

**DACIA BRAND SALES<sup>(1)</sup> AND MARKET SHARES**In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

Dacia main markets	2017		2016	
	Sales	Market share	Sales	Market share
Morocco	46,848	27.8%	43,408	26.6%
Algeria	30,776	31.2%	18,800	15.9%
Overseas departments*	6,086	8.3%	5,331	7.8%
Israel	5,134	1.8%	3,909	1.4%
Tunisia	1,776	3.0%	3,956	6.4%
<b>DACIA TOTAL</b>	<b>92,704</b>	<b>1.2%</b>	<b>76,926</b>	<b>1.0%</b>

\* Overseas departments: Reunion, Martinique, Guadeloupe, French Guiana and Saint-Pierre et Miquelon.

**LADA BRAND SALES<sup>(1)</sup> AND MARKET SHARES**In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

Principal Lada markets	2017		2016	
	Sales	Market share	Sales	Market share
Egypt	1,003	0.8%	0	0.0%
Lebanon	531	1.3%	0	0.0%
<b>TOTAL LADA</b>	<b>1,543</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

(1) By sales volume + Brokers + Nitco.

## Sales Eurasia Region

### MARKET ALL BRANDS EURASIA REGION

By sales volume PC + LCV

Principal markets	2017	2016
Russia	1,599,718	1,425,786
Turkey	956,194	983,714
Romania	149,370	132,401
Ukraine	87,634	70,303
Uzbekistan	58,800	55,870
Kazakhstan	46,873	46,712
Bulgaria	38,897	32,537
Belarus	32,069	27,803
<b>TAM EURASIA</b>	<b>2,994,649</b>	<b>2,799,912</b>

### RENAULT BRAND SALES AND MARKET SHARES

In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

Renault main markets	2017		2016	
	Sales	Market share	Sales	Market share
Russia	136,682	8.5%	117,225	8.2%
Turkey	130,276	13.6%	121,701	12.4%
Romania	12,292	8.2%	10,043	7.6%
Ukraine	10,890	12.4%	8,036	11.4%
Belarus	10,451	32.6%	8,420	30.3%
Bulgaria	4,770	12.3%	3,778	11.6%
Kazakhstan	2,460	5.2%	3,772	8.1%
<b>RENAULT TOTAL</b>	<b>308,430</b>	<b>10.3%</b>	<b>273,516</b>	<b>9.8%</b>

### DACIA BRAND SALES AND MARKET SHARES

In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

Dacia main markets	2017		2016	
	Sales	Market share	Sales	Market share
Turkey	48,370	5.1%	47,529	4.8%
Romania	43,262	29.0%	38,861	29.4%
Bulgaria	4,674	12.0%	3,914	12.0%
Moldova	1,096	19.5%	622	14.9%
<b>DACIA TOTAL</b>	<b>97,402</b>	<b>3.3%</b>	<b>90,926</b>	<b>3.2%</b>

**LADA BRAND SALES AND MARKET SHARES**In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

Principal Lada markets	2017		2016	
	Sales	Market share	Sales	Market share
Russia	311,588	19.5%	266,296	18.7%
Kazakhstan	8,675	18.5%	8,147	17.4%
Belarus	3,625	11.3%	2,178	7.8%
Azerbaijan	935	46.8%	1,797	43.3%
Ukraine	771	0.9%	1,562	2.2%
Uzbekistan	580	1.0%	280	0.5%
Bulgaria	325	0.8%	346	1.1%
<b>TOTAL LADA</b>	<b>326,954</b>	<b>10.9%</b>	<b>280,836</b>	<b>10.0%</b>

**Sales Asia-Pacific Region****MARKET ALL BRANDS ASIA-PACIFIC REGION**

By sales volume PC + LCV

Principal markets	2017	2016
China	27,562,708	26,932,632
Japan	5,110,193	4,856,285
South Korea	1,761,404	1,793,109
Australia	1,161,614	1,154,064
Indonesia	986,299	958,078
Thailand	861,280	767,186
Malaysia	571,307	580,124
Philippines	457,639	398,740
Taiwan	428,858	430,352
Vietnam	192,623	205,800
New Zealand	154,215	142,400
Singapore	112,114	110,436
<b>TAM ASIA-PACIFIC</b>	<b>39,467,439</b>	<b>38,431,470</b>

**RENAULT BRAND SALES AND MARKET SHARES**

In volume and as a % of the TAM PC + LCV

Renault main markets	2017		2016	
	Sales	Market share	Sales	Market share
China	70,941	0.3%	35,278	0.1%
Australia	10,812	0.9%	11,109	1.0%
Japan	7,115	0.1%	5,304	0.1%
Singapore	1,096	1.0%	805	0.7%
<b>RENAULT TOTAL</b>	<b>93,410</b>	<b>0.2%</b>	<b>54,925</b>	<b>0.1%</b>

**DACIA BRAND SALES AND MARKET SHARES**In volume and as a % of the TAM PC + LCV<sup>(1)</sup>

	2017		2016	
	Sales	Market share	Sales	Market share
Dacia main markets				
New Caledonia	895	10.3%	904	11.4%
Tahiti	522	8.4%	477	10.5%
<b>DACIA TOTAL</b>	<b>1,417</b>	<b>0.0%</b>	<b>1,381</b>	<b>0.0%</b>

**RENAULT SAMSUNG MOTORS BRAND SALES AND MARKET SHARES**

In volume and as a % of the TAM PC

	2017		2016	
	Sales	Market share	Sales	Market share
Renault Samsung Motors market				
South Korea	99,846	6.5%	111,087	7.1%
<b>RENAULT SAMSUNG MOTORS TOTAL</b>	<b>99,846</b>	<b>0.3%</b>	<b>111,097</b>	<b>0.3%</b>

**LADA BRAND SALES**

By sales volume PC + LCV

	2017		2016	
	Sales	Market share	Sales	Market share
Lada market				
China	1,196	0.0%	0	0.0%
<b>TOTAL LADA</b>	<b>1,196</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

## Sales Americas Region

### RENAULT BRAND SALES AND MARKET SHARES

In volume and as a % of the TAM PC + LCV

Renault main markets	2017		2016	
	Sales	Market share	Sales	Market share
Brazil	167,147	7.7%	149,977	7.5%
Argentina	115,242	13.3%	99,097	14.5%
Colombia	47,514	20.9%	51,049	21.3%
Mexico	30,199	2.0%	29,917	1.9%
Chile	14,489	4.0%	10,008	3.3%
Uruguay	4,902	9.0%	4,381	10.4%
Peru	3,892	2.4%	4,540	3.0%
Bolivia	2,365	7.3%	2,113	6.8%
Ecuador	1,945	2.0%	1,752	3.3%
<b>RENAULT TOTAL</b>	<b>389,205</b>	<b>6.7%</b>	<b>354,241</b>	<b>6.5%</b>

### LADA BRAND SALES

By sales volume PC + LCV

Lada markets	2017		2016	
	Sales	Market share	Sales	Market share
Bolivia	213	0.7%	0	0.0%
<b>TOTAL LADA</b>	<b>214</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

## Groupe Renault worldwide electric vehicle sales

	2017	2016	% change
ZOE	31,932	21,998	45.2%
FLUENCE Z.E.	33	27	22.2%
KANGOO Z.E.	4,360	4,046	7.8%
SM3 Z.E.	2,014	623	223.3%
<b>TOTAL Z.E.</b>	<b>38,339</b>	<b>26,694</b>	<b>43.6%</b>

## Worldwide TWIZY sales

	2017	2016	% change
TWIZY	2,600	2,507	3.7%

### 1.1.5.3 Business-to-business powertrain activity

The powertrain business is an important sector in implementing effective industrial R&D synergies with Renault's partners, including the Nissan-MMC Alliance partners. A dedicated department oversees this B2B business, both in respect of exchanges of powertrain units with partners, and for related engineering. The aim of these synergies is to pool development costs, to absorb fixed production costs, to generate economies of scale in the industrial activities of Renault and its suppliers, and ultimately, to improve free cash flow at Renault.

In addition to the Alliance with Nissan and MMC that enables the companies to share a common range of products, an industrial system and a supplier network, this business-to-business activity seeks to promote and offer Renault's powertrain units in the context of automotive cooperations (e.g. with Daimler and General Motors-Opel) or third-party sales. They enable our partners to benefit from Renault technology and give Renault access, where useful, to its partners' developments and manufacturing capacity. This activity also serves as a basis on which to identify and set up one-off cooperation projects and to evaluate our competitiveness and level of quality compared to our competition.

#### Advantages

A modern, CO<sub>2</sub> efficient powertrain range: with its internal-combustion and electric range, Renault has once again demonstrated its commitment to taking the lead in reducing the environmental footprint of vehicles. The qualities of the Renault powertrain range have convinced our partners of the advantages of using our engines for their vehicles. Partnerships have been developed for petrol and diesel engines, as well as for gearboxes.

Nissan, Renault's partner in the Alliance, has risen from eighth place in the manufacturers' rankings in 2013 to fourth place in 2014 for average certified CO<sub>2</sub> emissions in its European range of passenger cars. This is mainly due to the deployment of the latest generation of Renault engines. After the partnership agreement signed in 2010 between the Renault-Nissan Alliance and the Daimler group, Renault's range of diesel engines also enable Mercedes to offer versions of its A, B and C Class vehicles emitting less than 100g of CO<sub>2</sub>/km in New European Driving Cycle (NEDC). For the past 6 years, Groupe Renault has featured in the top three highest performing manufacturers in Europe for certified CO<sub>2</sub> emissions and fuel consumption, with average emissions of 110.2g of CO<sub>2</sub>/km at the end of 2017<sup>(1)</sup>, and diesel or gasoline engines emitting less than 100g of CO<sub>2</sub>/km in NEDC cycle on nine models in its passenger car range.

(1) Provisional data, for further details see section 2.6.3.1.

### The organization

In Renault's Strategy, Business Development and Business Management department, dedicated teams work to detect opportunities, prepare bids, and negotiate contracts. Sensitive to the expectations of OEM customers, these teams allow for optimized responsiveness by interfacing with all converged engineering departments.

### 1.1.5.4 Main manufacturing sites

Groupe Renault has 36 manufacturing sites for its automotive business. In 2017, utilization rates for production capacity, undergoing change since 2016, amounted to 109% globally and 103% in the Europe Region, based on a standard figure of 3,760 hours per year (one year's production based on two eight-hour shifts a day, five days a week, for 47 weeks a year).

Utilization rates for production capacity are calculated using the Harbour method, i.e. on the basis of two teams.

The Alliance and Renault's strategic partnerships offer synergy opportunities through the sharing of manufacturing facilities.

In 2017, for example:

- Renault-Nissan vehicles are produced by AVTOVAZ in Russia;
- Flins is the new addition to the list of Renault plants (Batilly, Moscow, Busan and Curitiba LCV) that produce vehicles for Nissan;
- the Renault plants in Maubeuge and Novo Mesto produce vehicles for Daimler;
- finally, in India, Renault and Nissan share a plant common to both.

As regards engines and gearboxes, the cross-use of the Alliance's plants makes it possible to offer regional manufacturing opportunities for the powertrain parts necessary for each market, while minimizing investments and making the most of our production capacities. The following is a selection of examples:

- for Nissan and Daimler, diesel engines are produced in the Renault plants in Cléon and Valladolid and gasoline engines in Valladolid and Pitesti;
- in Europe, Nissan's Sunderland plant produces engines for Renault. In Japan, Nissan's Yokohama plant also produces a gasoline engine for Renault;
- gearboxes are assembled for Daimler and Nissan in Cléon, for Nissan in Pitesti, Seville, Cacia and Los Andes;
- AVTOVAZ assembles engines and gearboxes for Renault and Nissan.



## Production by plant and Region

**FRANCE****Batilly (Sovab)**

Renault MASTER	91,120
Nissan NV400	6,032
Other	33,456

**Caudan (Fonderie de Bretagne)**

Iron foundry (in tons)	21,100
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**Choisy-le-Roi**

ES transmissions	25,624
ES engines	28,645

**Cléon**

Transmissions	408,744
Engines	939,759
Aluminum foundry (in tons)	19,783

**Dieppe**

CLIO RS	4,385
Alpine	116

**Douai**

ESPACE	18,206
New SCENIC	109,199
TALISMAN	29,538

**Flins**

CLIO	63,145
ZOE	29,671
Nissan MICRA	94,066

**Le Mans**

Rear suspensions	1,739,637
Front suspensions	942,015
Iron foundry (tons)	111,733

**Maubeuge**

KANGOO/CITAN	159,369
KANGOO Z.E.	4,872

**Ruitz (STA)**

Automatic gearboxes	128,290
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**Sandouville**

Renault TRAFIC	107,385
Nissan NV300	8,703
Other	19,279

**Villeurbanne**

Front suspensions	302,658
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## Production by plant and Region

## EXCLUDING FRANCE

## SPAIN

## Palencia

MEGANE	98,780
MEGANE station wagon	68,552
KADJAR	126,041

## Seville

Transmissions	1,194,742
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## Valladolid

TWIZY	3,367
CAPTUR	249,031

## Valladolid Motores

Engines	1,580,866
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## Barcelona [Nissan group plant]

ALASKAN	2,585
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## PORTUGAL

## Cacia

Transmissions	725,325
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## SLOVENIA

## Novo Mesto

CLIO	56,997
TWINGO/SMART	132,853

## AFRICA, MIDDLE EAST, INDIA

## ALGERIA

## Oran

LOGAN	30,131
SANDERO	30,458
Other	57

## INDIA

## Chennai [Nissan group plant]

DUSTER	15,469
KWID	105,788
LODGY	2,698
New CAPTUR	4,546

## IRAN

## Teheran – Iran Khodro [partner plant]

LOGAN	50,277
LOGAN pick-up	3,717

## Teheran – Pars Khodro [partner plant]

LOGAN	53,777
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## SANDERO

Front suspensions	159,489
Rear suspensions	159,302

## MOROCCO

## Casablanca (SOMACA)

LOGAN	38,402
SANDERO	37,409

## Tangiers

LODGY	41,467
SANDERO	166,367
DOKKER	91,815
LOGAN MCV	830

Production by plant and Region

EURASIA

ROMANIA

Mioveni (Dacia)

LOGAN	32,546
LOGAN MCV	34,935
SANDERO	40,837
DUSTER	191,176
New DUSTER	14,388
Transmissions	505,991
Engines	510,306
Front suspensions	392,015
Aluminum foundry (tons)	25,525

RUSSIA

Moscow

KAPTUR	33,407
DUSTER/TERRANO	65,763

Togliatti (AVTOVAZ)

LOGAN	34,213
SANDERO	35,249
Lada X-RAY	34,087
Lada LARGUS	47,734
Lada KALINA	20,270
Lada GRANTA	62,298
Lada PRIORA	15,225
Lada 4X4	39,465
Nissan Almera	15,624
Datsun MI-DO	3,956
Datsun ON-DO	18,134

Izhevsk (AVTOVAZ)

Lada GRANTA	35,716
Lada VESTA	83,455
Other	19

TURKEY

Bursa (Oyak-Renault)

CLIO IV	257,447
CLIO IV station wagon	55,083
FLUENCE	52,472
Transmissions	270,477
Engines	599,318
Rear suspensions	363,671
Front suspensions	363,671

ASIA-PACIFIC

SOUTH KOREA

Busan (Renault Samsung Motors)

TALISMAN	48,537
FLUENCE	5,679
FLUENCE Z.E.	1,924
LATITUDE	7,071
SM7	6,323
Nissan ROGUE	122,437
New KOLEOS	72,049
Engines	89,755

## Production by plant and Region

CHINA	
<b>Wuhan [partner plant]</b>	
KADJAR	26,589
KOLEOS	48,122
AMERICAS	
ARGENTINA	
<b>Cordoba</b>	
LOGAN	8,484
KANGOO	28,670
FLUENCE	3,412
SANDERO	13,794
Other	66
<b>Planta Fundicion Aluminio (PFA)</b>	
Aluminum foundry (tons)	3,848
BRAZIL	
<b>Curitiba</b>	
MASTER	8,518
DUSTER	30,159
DUSTER pick-up	31,947
LOGAN	30,628
SANDERO	90,738
New CAPTUR	34,563
KWID	35,576
Engines	279,307
CHILE	
<b>Los Andes (Cormecanica)</b>	
Transmissions	307,062
COLOMBIA	
<b>Envigado (Sofasa)</b>	
LOGAN	19,044
SANDERO	28,740
DUSTER	26,115
MEXICO	
<b>Cuernavaca [Nissan group plant]</b>	
ALASKAN	1,226

### 1.1.5.5 Groupe Renault distribution network

#### Organization of the distribution networks

Groupe Renault distributes vehicles under its brands through both primary and secondary distribution networks.

The primary network is contractually bound to Renault via a concession agreement (or agency or authorized repair center agreement, depending on the country) and comprises:

- dealers independent of Groupe Renault;
- establishments belonging to Renault through its subsidiary Renault Retail Group (RRG) or branches.

The secondary network includes mainly small dealers, independent of Groupe Renault, and bound contractually to the primary network, most often via an agency contract, or authorized distribution or repair center contract.

The main changes to the Groupe Renault distribution network are as follows:

- developing and raising professional standards in networks on growth markets, primarily outside Europe;
- strengthening of the various brand identities, including in particular increased differentiation between the Dacia and Renault brands;
- adjustments to cater for the sale of new vehicles, including in particular the electric vehicle range.

Number of Renault sites	2017		2016	
	Worldwide	O/w Europe	Worldwide	O/w Europe
Primary network	5,484	2,542	5,242	2,514
<i>o/w RRG dealers and branches</i>	199	159	193	161
<i>o/w Renault Pro+ specialized dealerships</i>	647	497	644	494
Secondary network	6,301	5,993	6,486	6,187
<b>TOTAL SITES</b>	<b>11,785</b>	<b>8,535</b>	<b>11,735</b>	<b>8,701</b>

Number of Dacia sites	2017		2016	
	Worldwide	O/w Europe	Worldwide	O/w Europe
Primary network	2,769	2,403	2,573	2,325

Number of Alpine sites	2017		2016	
	Europe Region	Europe Region	Europe Region	Europe Region
Primary network	55		0	

Number of Renault Samsung Motors sites	2017		2016	
	France	France	France	France
Primary network	671		652	

Number of Lada sites	2017		2016	
	Worldwide	O/w Russia	Worldwide	O/w Russia
Primary network	656	315	663	330

### 1.1.5.6 Renault Retail Group (RRG)

A wholly-owned Group subsidiary, RRG is the leader in the distribution of the Renault and Dacia brands in Europe.

RRG has over 200 sales and service outlets in 13 European countries: Austria, Belgium, Czech Republic, France, Germany, Ireland, Italy, Luxembourg, Poland, Portugal, Spain, Switzerland and the United Kingdom.

RRG distributes the products and services of the Alliance (Renault, Dacia, Nissan). The product offering covers new vehicles, used vehicles and spare parts and also includes maintenance, mechanics, bodywork, express repairs (Renault Minute and Renault Minute bodywork), short-term rental (Renault Rent), financing and brokerage.

This wholly-owned subsidiary of Renault is the Group's biggest subsidiary by revenues (€9.6 billion in 2017) and workforce (12,000 employees at December 31, 2017).

In 2017, the RRG Executive Committee began to rethink the strategic vision of the Company. The purpose of this exercise was to initiate the necessary breakthroughs in its business activities to position RRG as a major player in future automotive distribution in Europe. For this reason, in 2017, RRG carried out the following projects:

- the creation of a new department dedicated to Customer Experience, Watch and Innovation. Their fundamental mission is to make quality part of the core values and behaviors of RRG;

- the strengthening of its field of expertise of used vehicles (UVs) by setting up a unique trading platform that allows the take-back price of a vehicle to be determined almost instantly, regardless of its brand;
- the creation of an automotive distribution laboratory through the implementation of the new after-sales customer experience at RRG Tours with the organization of extended customer reception hours and operation around three teams;
- the renewal of its brand identity centered around a new dynamic, modern and prestigious logo. RRG also has a brand signature called **Vivez votre Mobilité** ("Live Your Mobility"), embodying the Company's commitment to and values in respect of customer service. Finally, RRG has created a label, "**Distributor subsidiary of Groupe Renault, the leader in Europe**", which can be used to enhance marketing communications.

At the end of 2017, RRG was profitable, for the second year in a row.

2017	Revenues (€ billion)	NV sales	UV sales
<b>TOTAL</b>	<b>9.6</b>	<b>339,030</b>	<b>204,096</b>
France	5.7	187,488	134,278
Europe Region	3.9	151,542	69,818

### Renault Pro+: the expert brand and its specialized market

In late 2015, Renault launched the expert Renault Pro+ brand for professional customers all over the world, by highlighting the products and services dedicated to them.

The specialized Renault Pro+ network is the spearhead of the expert brand. Launched in 2009, this specialized network currently comprises 647 points of sale that meet standards tailored to business customers' expectations.

Renault Pro+ specialized dealerships are bound by a triple customer pledge based on:

- the specialization of sales teams and after-sales staff, with a dedicated area for business customers;
- a large range of options, including for chassis cabs, facilitated by the wide range of vehicles on display and available for test drive;
- guaranteed mobility for business customers with a dedicated after-sales team.

#### 1.1.5.7 Automotive cash flow management

For Automotive, Groupe Renault has established a financial organization whose aims are to:

- automate the processing of routine cash inflows and outflows;
- meet the subsidiaries' refinancing requirements and pool surplus cash;
- centralize the handling of euro-denominated and foreign exchange transactions so as to optimize the management of currency, liquidity, interest rate, counterparty and country risk while reducing financial and administrative costs;
- centralize virtually all financing operations, including securities issuance, bank loans and credit agreements, at parent company level.

Within this framework, Renault's Financing and Treasury department, which is responsible for cash management and financing for the Group's industrial and commercial activities in Europe, has a specialized entity, Renault Finance, which manages the following:

- capital market trading, after intra-Group netting: forex, rates, commodities and short-term investments;
- foreign currency payments by French and European subsidiaries;
- cash-pooling in certain subsidiaries' foreign currencies.

For the euro zone, cash is centralized through a Renault SA IT platform that manages all subsidiaries' euro-denominated transactions and interfaces with the automotive sector's banks. Renault Finance is also involved in cash management arrangements covering foreign currency payments made by French and European subsidiaries.

Outside the euro zone, the cash flows of certain subsidiaries are accounted for centrally in Renault Finance's accounts.

### Renault Finance

Renault Finance, a Swiss corporation based in Lausanne, is an active player on the forex and fixed income markets and the market for hedging commodities transactions. It operates within a strict risk management framework. Through its arbitrage activities, it can obtain competitive quotes for all financial products. Moreover, it is Renault's natural counterparty for most automotive market transactions. By extending this service to the Nissan group, Renault Finance has become the Alliance's trading room. It manages financial transactions for both Renault and Nissan, hedging itself in the markets accordingly; Renault Finance does not take any risks on behalf of any Nissan or Groupe Renault entity.

Aside from financial market transactions, Renault Finance offers a number of services, including commercial and financial foreign currency payments for Renault and Nissan and a foreign currency cash-pooling service for a number of Renault entities (Czech Republic, Hungary, Poland, Romania, Sweden, Switzerland and the UK).

At the end of December 2017, its net income was €58.2 million (€59.9 million at the end of December 2016) and its total parent company assets amounted to €10,658 million (€11,042 million at the end of December 2016).

### 1.1.5.8 Nissan, AVTOVAZ, Partnerships and collaborative projects

#### Nissan

Renault's shareholding in Nissan is described in detail in section 1.2 The Renault-Nissan Alliance.

Nissan's market capitalization at December 31, 2017 was ¥4,742 billion (€35,123 million), based on a closing price of ¥1,123.5 per Nissan share.

Renault holds 43.4% of Nissan's share capital. At December 31, 2017, the market value of the shares held by Renault totaled €15,244 million, based on a conversion rate of ¥135 for €1.

Renault accounts for its shareholding in Nissan using the equity method, as described in chapter 4, note 12 of the notes to the consolidated financial statements

#### AVTOVAZ

In 2017, AVTOVAZ confirmed its growth potential with sharply rising sales and a market share in Russia that was the highest in six years.

The Lada brand is the leader in the PC automotive market in Russia with a market share of 20.5%, an improvement of almost one percentage point compared to 2016 and the highest in the last six years.

AVTOVAZ also produced 107,375 units (up 13.8%) for Renault with the LOGAN, SANDERO, SANDERO Stepway, Nissan ALMERA and Datsun ON-DO and MI-DO, sold partly on the Russian market and partly for export.

Thanks to these improved operating conditions, AVTOVAZ generated a positive operating margin in 2017, one year ahead of its medium-term plan<sup>(1)</sup>:

- revenues were up 22% to RUB 226 billion;
- the operating margin became positive at RUB 1.6 billion, or 0.7% of revenues, compared to -8.8% in 2016;
- net income remained negative at RUB -9.7 billion, representing -4.3% of revenues, compared to -24% in 2016.

These results are part of the implementation of the medium-term plan approved by AVTOVAZ shareholders in 2016 and which aims to achieve a return to growth and profitability. The plan's objectives include market share in Russia of at least 20% (PC), in a market expected to grow after several years of decline, cost reduction with in particular increased local integration, a revival of exports and the development of new vehicle ranges.

At the same time, in 2017, the shareholders approved a capital increase by conversion of debt into shares reserved for the current shareholders of the company, which will allow the equity restructuring initiated at the end of 2016 to continue.

The earnings of the Alliance Rostec Auto B.V. and AVTOVAZ Group joint venture, which forms the AVTOVAZ sector, have been fully consolidated since December 31, 2016.

### Strategic cooperation between Renault-Nissan Alliance and Daimler AG

See paragraph "Cooperation with Daimler" in section 1.2.7.

#### Supplier relations and support

A long-lasting and effective relationship with its suppliers is essential to Groupe Renault's business. Any failure in this relationship, be it related to the quality of the parts delivered, a logistical problem, a project lag, or the deterioration of the financial health, can have a considerable impact both on the production of Renault plants and on the progress of projects.

Purchasing processes are, therefore, a strategic issue for Groupe Renault and, in a number of significant areas, key to its long-term future:

- supporting the implementation of the Purchasing strategy devised in accordance with the Group's strategic guidelines;
- measuring and managing suppliers' achievement of QCDW (Quality, Cost, Delivery, Weight) targets;
- selecting suppliers and developing a robust and sustainable relationship that is of mutual benefit, while still ensuring Groupe Renault maintains its competitive edge;
- contributing to the Groupe Renault brand image by supplying high-quality goods and services, the international development of its suppliers and the quality of the relationship with those same suppliers.

It is essential that carmakers and suppliers work closely together to create value together. Groupe Renault's objective is to build performance as part of an equitable, educational, long-term partnership with suppliers.

To this end, Groupe Renault has put in place a policy to support suppliers worldwide, which involves:

- sharing best industrial practices (regular meetings, expert assignments);
- optimizing processes in order to help suppliers cut costs without reducing their margins;
- quality management support with the establishment of a Renault expert contact for each supplier to reinforce the level of quality requirements on the ground with regard to our suppliers, to ensure optimal follow-up and better responsiveness;
- offering suppliers an opportunity to grow with the Group. Renault's manufacturing facilities in other countries and partnerships create opportunities for suppliers to expand into new markets or increase their volumes;
- cooperation on innovation. Beyond the research and advanced studies conducted internally and with Nissan, Renault works with suppliers on new joint innovations, sharing its strategic aims right from project design;
- raising suppliers' awareness of CSR. (see section 1.5.1.3.).

As part of stronger relations with suppliers, Renault and Nissan have implemented a joint selection process whose goal is to enable suppliers recognized as the most efficient and reliable to be granted Alliance Growth Partners (AGP) status.

(1) Figures published in IFRS by AVTOVAZ before taking into account entries specific to the consolidation in the Renault consolidated financial statements.

This status allows them to access information about the Alliance's medium-term strategy for innovation, new products and international development to best support the growth of the Company.

Finally, as part of its supplier development and recognition plan, Renault awards "Supplier Trophies" each year. These trophies reward particularly high-performing suppliers in five priority categories for Renault: quality, innovation, CSR, design and the service provided to manufacturing. In 2017, 13 suppliers won awards for their outstanding achievements in one of those five areas:

- CSR: NOVABOX SARL, ADIENT, FOMPAK AS ;
- quality: DENSO, NAGARES, FEDERAL MOGUL, SPL, ACS, MARTUR, DAIHAN CALSONIC;
- best service offered to manufacturing: TENNECO;
- innovation: LGE/V2X;
- design: FAURECIA.

### EVs: Bolloré group partnership

At the end of 2017, Groupe Renault and the Bolloré group decided by mutual agreement to put an end to their collaborations.

As part of its 2017-2022 Drive the Future strategic plan, Groupe Renault wants to focus its efforts on other on-demand mobility projects.

### Connected vehicles

In 2016, the Renault-Nissan Alliance acquired the French company Sylpheo, a specialist in software development, in order to accelerate the expansion of its connected vehicle and mobility services programs. The team of 40 Sylpheo engineers and consultants will contribute its know-how in software development and Cloud engineering expertise to the organization.

### Software development

On July 1, 2017, Groupe Renault acquired part of the French R&D activities of Intel dedicated to the development of embedded software and connectivity. Located on the Toulouse and Sophia-Antipolis sites in France, they represent 400 highly qualified employees with long international experience in software development.

These R&D teams are contributing their complementary strengths to Renault. They will provide the Group with their know-how, experience, and methods and tools, as well as their networks of suppliers, laboratories and partner companies, thus allowing Groupe Renault to have the necessary skills to master the software content of its vehicles and offer personalized services and remote updates, independently and in real time, without the intervention of a third party.

### Renault Digital

On January 1, 2017, Renault Digital, a wholly-owned subsidiary of Groupe Renault, was created. The purpose of this entity is to:

- accelerate the shift of the Company toward more agile and collaborative working methods, and rapidly develop the digital projects that the Group needs: digital design tools, robotics, analysis of our vehicles' usage data, collaborative and mobile solutions, customer relations, mobility services;

- ensure improvement of the digital skills of Group employees through training and certification, and disseminate digital culture within the Group;
- and finally, strengthen the Group's attractiveness in the area of key digital skills.

Accordingly, Groupe Renault possesses the know-how internally for the management of its digital projects and controls its data.

The Renault Digital team is essentially composed of "digital talents" recruited by the subsidiary, i.e., about 100 employees at end-2017. It also benefits from the contribution of Groupe Renault employees seconded to the subsidiary during the development of digital projects. These employees receive training and develop their digital skills during their time at Renault Digital.

### Renault Venture Capital

In July 2017, a company was created with an initial capital allocation of €20 million, a wholly-owned subsidiary of Renault SAS, whose purpose is to acquire equity investments, primarily minority stakes, in start-ups or other companies. RVC aims to promote Renault's embrace of open innovation and to create links with emerging businesses in the future fields of automotive products and services. These will make it possible to establish privileged relations with start-ups. This activity, which is an ideal complement to Research and Development carried out internally, will create an image of proactivity focused on open innovation and joint development and will allow faster decision-making.

### Light commercial vehicles

In the field of light commercial vehicles, Renault has several agreements with General Motors Europe/Opel, Nissan, Renault Trucks, Daimler and, more recently, Fiat.

Renault and General Motors Europe signed a framework agreement in 1996 that included a commitment to work together. The aim was for the two manufacturers to increase their market presence in Europe and share development costs.

In March 2017, General Motors and Peugeot SA agreed that Peugeot would take over GM's European operations (Opel Vauxhall). This transaction took place in two stages: the transfer of assets, including the contracts with Renault, as well as the GM Europe plant in Luton (United Kingdom) that produces Opel/Vauxhall VIVARO compact vans, to a new entity, Opel Automobile, on June 30, 2017; followed by the sale of Opel Automobile (and its contractual obligations with Renault) to Peugeot SA on August 1, 2017, which constitutes a change of control for that entity.

The Renault TRAFIC and Opel/Vauxhall VIVARO **compact vans** have been produced at the Luton plant since 2001 and at the Nissan plant in Barcelona (Spain) between 2002 and summer 2014. In March 2011, Renault and Opel/Vauxhall announced the locations of production sites for the next generation of the VIVARO and TRAFIC. Opel/Vauxhall confirmed that the next generation VIVARO will be built in Luton and Renault confirmed that the next generation TRAFIC, as well as the new high roof (H2) version of the Opel VIVARO, will be manufactured at its Sandouville site. Production began in April 2014 in the Sandouville plant; production of the Opel/Vauxhall VIVAROS started in Luton in September 2014, and the sale of this new generation of TRAFIC and VIVARO vehicles began simultaneously in September 2014.



In July 2014, Renault signed a cooperation agreement with Fiat for the manufacturing at the Sandouville plant of a compact van developed by Renault based on the new generation of TRAFIC vehicles, the TALENTO. Production of the TALENTO started in May and sales in July 2016. This vehicle is distributed by Fiat across its network and under its brand name.

Under the Renault-Nissan Alliance, an agreement was signed with Nissan for the manufacturing at the Sandouville plant of a compact van developed by Renault based on the new generation of TRAFIC vehicles, the NV300. This vehicle is in continuity with the distribution agreement with Nissan for the PRIMASTAR, a compact van based on the previous generation of TRAFIC vehicles signed with Nissan in 2003. Production of the NV300 began in September 2016 and sales in the last quarter of 2016.

The offering in the **large vans** segment was renewed in 2010, with the launch of the new range of Renault MASTER and Opel/Vauxhall (GM) Movano, manufactured by Renault at its Batilly plant in France. Movano is sold to Opel/Vauxhall as part of a supply agreement signed at the end of 2007.

New MASTER is also distributed by the Renault Trucks network under the terms of sales agreements entered into in 2009. These agreements are the continuation of agreements covering the distribution by Renault Trucks (AB Volvo group) of MASCOTT and the previous generation of MASTER.

As part of the Renault-Nissan Alliance, an agreement was signed to develop a van based on the New Renault MASTER called NV400. This vehicle has been sold by Nissan since end-2011. This project reflected the continuation of agreements implemented by the two companies in 2003 for the distribution by Nissan of INTERSTAR (based on the previous generation of the MASTER and replaced by the NV400).

As part of the strategic cooperation between the Renault-Nissan Alliance and Daimler announced on April 7, 2010, Renault and Daimler studied the development of a **light commercial** vehicle to expand the Mercedes range. CITAN, the new urban LCV by Mercedes-Benz, was developed by Renault on the basis of the KANGOO platform and is built exclusively alongside the KANGOO and KANGOO Z.E. at the Renault plant in Maubeuge (France). The CITAN nevertheless maintains the visible features expressing the identity of the Mercedes brand, in both interior and exterior design. CITAN has been sold by Mercedes since fall 2012.

In the pick-up segment, Renault signed an agreement with Nissan in 2015 for the development and production of a Renault pick-up, the ALASKAN, based on the platform of the New Nissan NP300. This vehicle is produced in the Nissan plant in Cuernavaca, Mexico, and was launched commercially in Colombia in the second half of 2016. From October 2017, the vehicle is also manufactured in the Nissan plant in Barcelona (Spain) and marketed in Europe under the name ALASKAN.

Finally, a framework cooperation agreement was signed on July 5, 2017 between Renault and Brilliance China Automotive Holdings Limited (CBA) for the creation and operation of a joint venture for the manufacture and sale of light commercial vehicles in China. The joint venture agreement was signed on December 15, 2017.

### Accelerating international expansion

Various agreements have been signed with local partners (manufacturers and local authorities).

### In China

Renault continued to expand its business in China, reaching 72,000 vehicles sold in 2017. The range consisting of the CAPTUR (imported since June 2015), the KADJAR (produced in China and launched in March 2016) and the KOLEOS (produced and launched in November 2016) was extended with the introduction of the ESPACE, which has been imported since December 2017.

The production site of the Dongfeng Automotive Company (DRAC), a Renault company jointly owned (50/50) by Dongfeng and Renault, has a capacity of 150,000 units. It is located in Wuhan, the capital of Hubei Province.

In September 2017, Renault, Dongfeng and Nissan signed an agreement for the creation of a new joint-venture (eGT). Renault holds 25% of eGT's shares, Nissan 25% and Dongfeng the remaining 50%. This new company is based in Shiyan City (Hubei Province) and is dedicated to developing a new EV that meets the expectations of the Chinese market. This vehicle will be produced in the Dongfeng plant in Shiyan. The start of production is expected during 2019.

### In India

In Chennai, the Alliance built its first joint production site as part of a joint-venture (JV RNAIPL). Production started in 2010 with the Nissan MICRA; then Renault started producing the FLUENCE and KOLEOS in 2011 and the PULSE, SCALA and DUSTER in 2012. At the end of 2013, Nissan launched the New TERRANO premium SUV based on the Renault DUSTER. In 2015, Renault started production of the LODGY, then of the KWID, and stopped production of the FLUENCE and KOLEOS.

In 2016, Renault made 132,235 sales thanks to the success of the KWID, whose range was expanded with the introduction of a 1 l engine with a robotized transmission. Renault also sold the KWID in Sri Lanka and Nepal with the support of local importers in those countries.

In 2017, Renault sold 112,488 vehicles and launched the CAPTUR. Renault also marketed the KWID in Bhutan and Bangladesh through a local importer.

In the same region, the joint-venture between Renault and Nissan, RNTBCI, has provided engineering, computer, purchasing and accounting services for all of the entities in the Alliance around the world since 2008. A significant part of its services are performed on behalf of the entities of the Alliance in India, thus contributing to the commercial development of the Alliance in that country.

### In Iran

Since the suspension of the international sanctions in November 2015 and effective in January 2016, Renault has strengthened its presence in Iran. In a growing market, production reached more than 108,044 vehicles in 2016 and 160,272 vehicles in 2017.

Renault bases the following on the X90 platform: the TONDAR (name of the LOGAN in Iran), the TONDAR pick-up and the SANDERO, which was launched with local production in 2016. Since the start of production in 2007 and through the end of October 2017, the cumulative production of those vehicles reached 719,335 units.

The Iranian business was taken out of the Group's consolidated scope in 2013. Information on the absence of consolidation of the Renault Pars joint venture held at 51% by Renault s.a.s. can be found in note 6-D to the consolidated financial statements. That position will be adjusted in line with political and economic developments in relation to Iran.

On August 7, 2017, Groupe Renault announced the signing of a joint-venture with IDRO, an industrial investment and renovation fund in Iran, and PARTO NEGIN NASEH Co, a holding company of NEGIN Khodro, the current importer of Renault products into Iran.

The joint-venture, in which Renault would be the majority shareholder, with an initial period of joint control with IDRO and PARTO NEGIN NASEH Co, would include an engineering and purchasing center that would promote the development of local suppliers, and a plant with a production capacity of 150,000 vehicles per year as a first step, in addition to the Group's existing capacity in the country of 200,000 vehicles.

An engine plant with a capacity of 150,000 units per year is also planned.

The industrial site is located in Saveh, 120km from Tehran. It would be owned by the joint-venture that would manage the site.

This agreement also takes into account the development of an exclusive Renault distribution network in addition to the current NEGIN Khodro network.

The Renault Pars joint-venture with our historical partners SAIPA and Iran Khodro will continue to produce and distribute the current range: the TONDAR, TONDAR pick-up, SANDERO and SANDERO Stepway, regardless of when the new joint venture starts.

The entry into force and finalization of the transaction planned for 2018 remain subject to certain conditions precedent, related in particular to the obtaining of regulatory approvals, the constitution of the new company and the preparation of the industrial assets of the project.

### In South Africa

Following a cooperation agreement entered into in May 2007, the Alliance invested ZAR1 billion (€88 million) in the local assembly of vehicles from the LOGAN range (pick-up and SANDERO) at the Nissan plant in Rosslyn, starting in 2009. The pick-up is assembled by Nissan, which sells the vehicle under its own brand name.

In 2013, Renault s.a.s. signed an agreement with its historic South African commercial partner, Imperial group, to transfer the majority of the shares in their joint subsidiary, Renault South Africa. Since December 2013, Renault s.a.s has had a 40% stake in the subsidiary (compared with 51% previously) and Imperial 60% (compared with 49% before). This enabled the acceleration of Groupe Renault's expansion in this country from a 3.0% market share in 2014 to a 4.3% share in 2017. For 2017, Renault sales in South Africa reached 22,632 vehicles in a market of 532,470 vehicles, representing a market share of 4.3%, up +0.7 point over the previous year, through the marketing of the KWID from India.

### In Morocco

Following the launch of production line 1 at the Tangiers plant in 2012 and production line 2 in 2013 (the SANDERO II), production at the plant reached 228,932 vehicles in 2015. The SOMACA plant in Casablanca, which began production of the LOGAN II and SANDERO II in 2013, built 59,024 units in 2015. The two Moroccan plants introduced a third shift in September 2015.

For 2016, the production record was beaten once again, with 273,082 vehicles for Tangiers and 71,828 for SOMACA.

On April 8, 2016, Renault signed an eco-system performance agreement with the Kingdom of Morocco with the goal of strengthening local integration and revenues for its exports to production sites outside Morocco.

In 2017, Groupe Renault Maroc remains the leader on the national market and is strengthening its industrial role in the service of Groupe Renault worldwide. In a market that is up +3.5%, the Group claims the first two market share positions, with Dacia followed by Renault, and a consolidated market share of 41.8%, up by 4 points.

On the industrial front, on July 10, 2017, the Group celebrated the one millionth vehicle manufactured in the Tangiers plant, just five years after its inauguration in 2012. The Tangiers and Casablanca plants operate in three teams for an annual production volume of more than 375,000 vehicles. In July 2017, the Tangiers plant launched the production on line 1 of the LOGAN MCV, exclusively for export, which enhances the range of Global Access products manufactured in Morocco: the LOGAN II, SANDERO II, DOKKER and LODGY.

### In Algeria

The Oran plant is managed by Renault Algérie Production, a partnership between Renault (49%), the SNVI (Société Nationale des Véhicules Industriels, 34%) and the FNI (Fonds National d'Investissement, 17%).

Three years after production began, the Oran plant continues to grow at an accelerated pace. Originally planned for a production of 25,000 units per year in two shifts, its capacity was quickly increased to respond to the growing demand resulting from the success of the model produced (the New Renault SYMBOL) and as a result of the establishment of import licenses favoring local production. Accordingly, at the end of 2015, the rate of production was increased from seven to 10 vehicles an hour, then in June 2016, a third shift was added, increasing the annual rate to about 50,000 vehicles per year. At the same time, a second vehicle was manufactured locally: the Dacia SANDERO Stepway, which has been produced here since June 2016. In 2016, 42,008 vehicles were produced.

In October 2016, the Algerian government authorized a further expansion of production capacity to 60,000 vehicles per year and the production of a third car, the CLIO IV, to be marketed from early 2019. As a result, 60,600 SYMBOL and SANDERO Stepway vehicles will have been produced in 2017, bringing the total produced since the beginning of the plant to 123,277 vehicles. This increase in plant capacity will help meet demand in the domestic market and facilitate local integration, without jeopardizing the timetable for the implementation of phase 2 of the plan to produce 75,000 vehicles/year by integrating the sheet metal workshop and paint shop within the new CKD production unit.

### The environment

Renault Environnement, a wholly-owned subsidiary of Renault s.a.s., was founded in mid-2008. Its role is to develop new businesses around the themes of sustainable development and the environment, in line with Groupe Renault's environmental policy.

Renault Environnement has a joint-venture with SITA Recyclage, a subsidiary of Suez Environnement, to develop the recycling of ELVs (end-of-life vehicles) and returning to the market of recycled materials and re-used parts.

Through its subsidiary Gaïa and its equity investment in Boone Comenor Metalimpex, Renault Environnement also recovers automotive parts (production scrap and end-of-life parts) and metallic waste from Group sites.

For more details, see section 2.6.

## 1.1.6 Sales Financing

RCI Bank and Services offers financial solutions to facilitate access to automotive mobility for Alliance customers.

Taking into account each brand's specific characteristics and anticipating new needs and uses of their customers, RCI Bank and Services supports their marketing policies and works with them to win new customers and build loyalty.

RCI Bank and Services brings together three worlds: automotive, through its historic activity, banking, through its business-line, and services, through its offers. Every day in 36 countries around the world, RCI Bank and Services supports the development of the Alliance's brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurance and services.

Our vision is to:

Make mobility easier for everyone, which is the reason we create personalized services.

Innovate to better serve our customers.

### 1.1.6.1 Customized offers for each of type of customer

For **Private** customers, we propose offers for financing and services that are appropriate for their projects and their usage patterns, to facilitate and enhance their driving experience throughout their entire automotive mobility adventure. Our solutions and services are for both new and used vehicles.

For **Professional** customers, we provide a diverse range of mobility solutions to free them from the restrictions relating to managing their fleet of vehicles and enable them to concentrate on their core business.

For the Alliance brand **networks**, we provide active support by financing inventory (new and second-hand vehicles and spare parts), as well as short-term cash requirements.

### 1.1.6.2 Savings bank activity: a pillar of corporate refinancing

The Savings business was launched in 2012 and now operates in four markets, namely France, Germany, Austria and the United Kingdom. Savings deposits are a key instrument in the diversification of the Group's sources of refinancing for its operations. Deposits collected came to €14.9 billion, or approximately 34% of net assets at the end <sup>(1)</sup> of 2017.

### 1.1.6.3 Almost 3,400 employees working on five continents

Our employees work in 36 countries in five major Regions of the world: Europe Region; Americas; Africa - Middle East - India; Eurasia; Asia-Pacific.

### Business activity

With a record number of 1,771,016 contracts financed by end-December 2017, i.e. a 13.2% increase compared with 2016, RCI Banque confirms its profitable growth trajectory while also strengthening its strategy of commercial support for the Alliance brands.

This good level of performance is driven by the growth of the European automotive market but also by the economic recovery recorded in the emerging markets (Brazil, Argentina, Russia) and the increase in market share of Alliance brands. Also noteworthy is the positive impact of the consolidation of the activity of the Colombian subsidiary RCI Colombia SA since February 2017. Up by 1.9 point compared to 2016, the Group's financing penetration rate stands at 39.6%. Excluding Turkey, Russia and India (companies consolidated by the equity method), this rate came to 42.6%, versus 41.0% at the end of 2016.

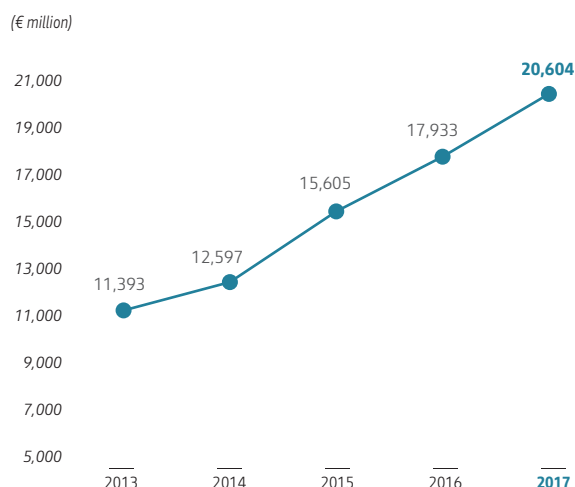
In this context, new financing contracts (excluding cards and personal loans) were up across all Alliance brands, reaching €20.6 billion, up 14.9% over the year.

APA<sup>(2)</sup> now stand at €39.6 billion, up 19.0% from 2016. Of that amount, €29.9 billion was directly related to the Customer business, up 18.5%.

The Services business, a pillar of the RCI Banque group's strategy, helps to promote customer satisfaction and increase loyalty to Alliance brands. It is based on two main lines of action: profitable diversification of the product offer, and international expansion. This business-line continued to grow throughout 2017, posting a 27.5% leap in the volume of new contracts to more than 4.4 million units (of which more than 65% in vehicle-related or customer-centric services).

#### NEW FINANCING CONTRACTS

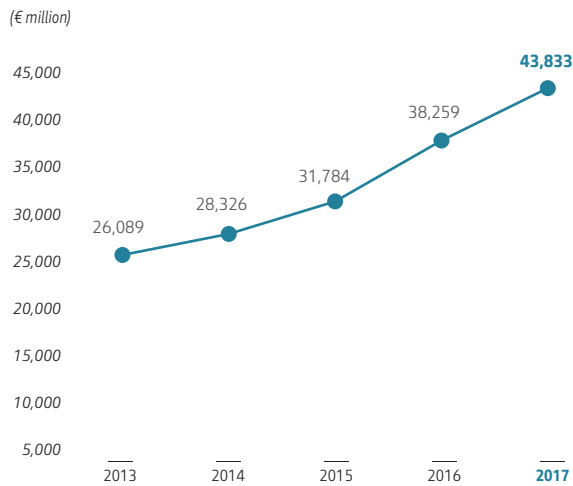
(excluding personal loans and credits cards)



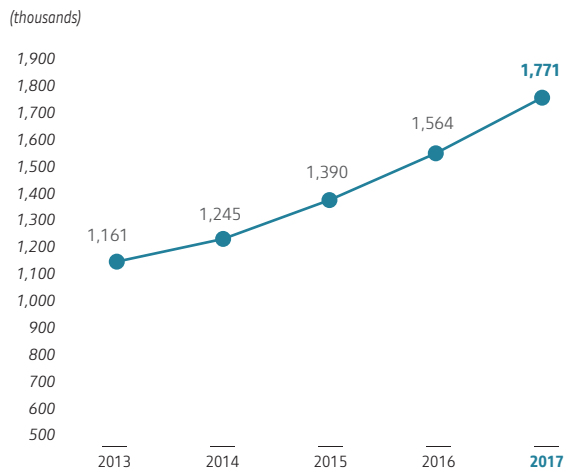
(1) Net assets at year-end: total net outstandings at year-end + operational leasing operations net of depreciation, amortization and provisions.

(2) Average Performing Assets: APA are average loans outstanding plus assets related to operating lease activities. For customers, this is the average of the performing assets at end - December. For the network, this is the average of daily performing assets.

### ● NET ASSETS AT END 2017<sup>(1)</sup>



### ● TOTAL NUMBER OF VEHICLE FINANCING CONTRACTS



Source: Group Performance Summary.

Geographically, RCI Banque has benefited from a buoyant automotive market, notably in Europe, as well as the commercial dynamism of Alliance brands, thanks to the success of new models.

As a result, the Europe Region saw an increase in the number of new vehicle financing contracts of +9.4% compared to 2017 and recorded a financing penetration rate of 43.3%, compared to 41.5% last year.

The Asia-Pacific Region saw the largest increase in the penetration rate, reaching 57.4%, which is 5 points higher than in 2016. More than one new vehicle out of two sold by Renault Samsung Motors is thus financed by RCI Banque, which achieves high sales performance in a declining market environment.

In the context of a rebound in the Brazilian market, the Americas Region saw a strong recovery in its automotive market of +22.2% compared to 2016. Supported by the commercial performance of Argentina and Colombia, the vehicle financing penetration rate in the Region was at a high level of 38.8%, up 1.1 point compared with the end of 2016.

Based on the strong earnings by RCI Banque for the Datsun brand in India, the penetration rate in the Africa - Middle East - India Region reached 21.8% in 2017, up +3.7 points compared to the previous year.

The Eurasia Region's penetration rate was up 2.0 points to 26.7% in 2017. In a context of recovering automotive sales, the penetration rate in Russia reached 27.5%, a rise of 0.6 point. In Turkey, the penetration rate amounted to 26.6%, up 4.5 points, in a declining automotive market.

### Earnings<sup>(2)</sup>

Net banking income (NBI) increased by 10.6% compared with 2016, to €1,628 million. This increase is attributable to the growth in average performing assets (APA) to €39.6 billion (+19.0% compared to 2016) and to the margin on services, which was up 20.5%.

Operating expenses came to €522 million, or 1.32% of APA, an almost 7-basis point decrease compared to 2016. With an operating ratio of 32.1%, RCI Banque demonstrated its ability to control its costs while supporting its strategic plans and business growth.

The total cost of risk (including country risk) is 0.11% of APA, compared to 0.31% in 2016, thus confirming a robust policy of acceptance and recovery. Driven by a favorable economic climate leading to a drop in bad debts in the portfolio, the cost of Customer risk decreased to 0.19% of APA in 2017, compared with 0.33% in 2016. The improvement in the economic environment, a variable used in the calibration of provisions for healthy network outstandings, also led to reversals of provisions for the dealer financing portfolio. Accordingly, the cost of network risk is negative (profit) and stands at -0.15%, compared to 0.21% in 2016.

Pre-tax income amounted to €1,077 million at the end of December 2017, an 18.1% rise, reflecting RCI Banque's ability to continue its profitable growth momentum.

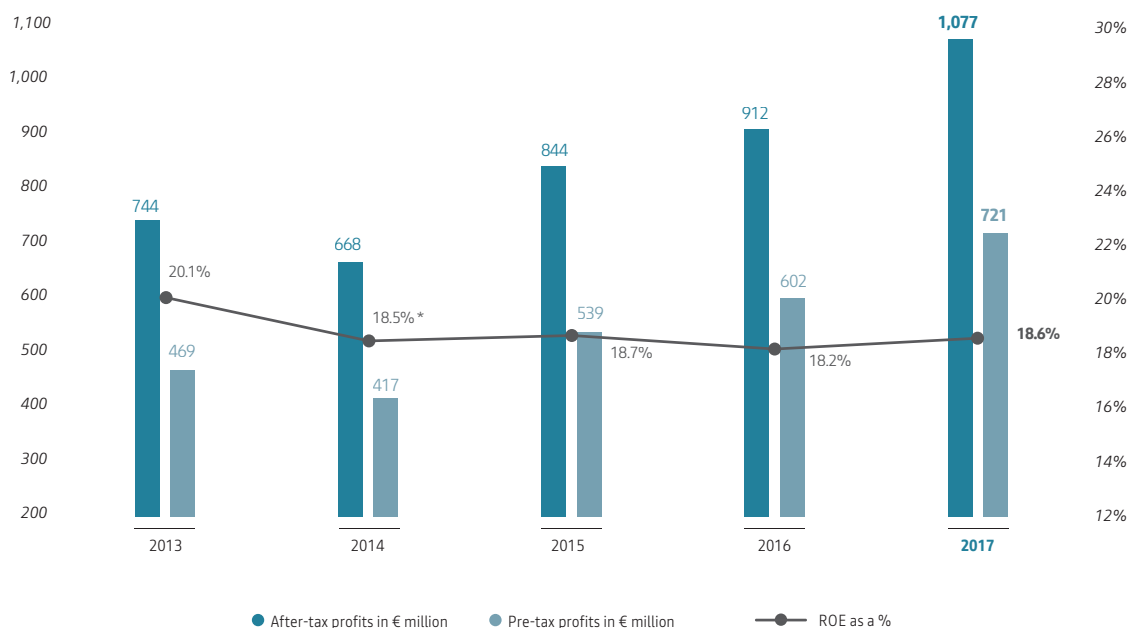
Consolidated net income – parent company shareholders' share – came to €721 million, against €602 million in 2016.

(1) Net assets at year-end: Total net outstandings + Operational leasing operations net of depreciation, amortization and provisions.

(2) The Annual Report of RCI Bank and Services can be found at <https://www.rcibs.com/en/finance/activity-and-annual-reports>.

## EARNINGS

(€ million)



\* ROE 2014 excluding non-recurring items (-€77 million).

## The balance sheet

Good commercial performances, especially in Europe, drove historic growth in net assets at year-end 2017 to €43.8 billion, against €38.3 billion at end-2016 (+14.4%).

Consolidated equity amounted to €4,719 million against €4,060 million at December 31, 2016 (+16.2%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposit accounts) totaled €14.9 billion at end-December 2017, versus €12.6 billion at end-December 2016, and represented approximately 34% of net assets at end-December 2017.

## Solvency

The Core Tier One solvency ratio was 15.0% at end-December 2017, against 15.7% at end-2016. The ratio at the end of December 2017 includes a recalibration of certain parameters of the internal models used to calculate weighted risks.

## Financial policy

The European Central Bank kept its monetary policy unchanged throughout 2017 and announced the extension of its securities purchasing program until September 2018, while reducing its size from €80 billion to €30 billion per month. It also signaled that the current low interest rate policy would be maintained beyond the quantitative easing period.

Meanwhile, the US Federal Reserve began to reduce the size of its balance sheet and raised its rates three times, thus raising the Fed Funds target to 1.25-1.50%, an increase of 75 bps over 2016.

To cope with the surge in inflation resulting from the depreciation of the pound, the Bank of England also raised its key rates by 25 bps to 0.50%.

The euro swap rate curve steepened slightly during the year. At the end of 2017, the 5-year swap was thus around 0.30%, a level close to the peak reached during the summer and up about 20 bps over the year.

After a slight widening at the beginning of the year, credit spreads tightened significantly after the French elections.

To support the growth of its sales activity, the Group issued the equivalent of €6 billion in public bonds and extended the maturity of its debt by issuing eight-year bonds for the first time. Six issues in euros with alternating fixed and variable coupons were supplemented by an issue in Swiss francs and a transaction in British pounds. The Company launched and twice used a dual-tranche format combining fixed- and floating-rate issues and extended its variable rate credit curve by launching its first seven-year issue in that format. Meanwhile, some private issues totaling €365 million were also made.

In addition, the revolving period for private securitization of auto loans in the United Kingdom was extended for an additional year and its amount increased to GBP 1.1 billion, for a GBP 200 million rise.

This mix of maturities, coupons and types of issuance is part of the funding diversification strategy pursued for several years by the Group, enabling it to reach the highest number of investors.

In addition, the Group's entities in Brazil, South Korea, Morocco, Argentina and, for the first time, Poland also carried out bond issues in their domestic markets.

Deposits from private customers increased by €2.4 billion since December 2016 and reached €15.0 billion as of December 31, 2017, representing 34% of assets, in line with the Company's goal of collecting retail deposits representing about one-third of the financing granted to its customers.

These resources, to which are added, within the European scope, €4.4 billion of confirmed undrawn bank credit lines, €3.6 billion of collateral eligible for ECB monetary policy operations, €1.8 billion of high-quality liquid assets (HQLA) and financial assets for an amount of €0.4 billion, enable RCI Banque to ensure that the loans granted to its customers can be maintained for nearly 12 months without access to external liquidity.

In a complex and volatile environment, the cautious policy pursued by the Group for several years has been particularly justified. It protects the commercial margin of each entity while ensuring the security of the refinancing of its activities. It is defined and implemented at the consolidated level by RCI Banque and applies to all group financing entities.

The sensitivity of the balance sheet is also measured by market risks (interest rate, foreign exchange, counterparty) that are very low and monitored daily on a consolidated basis.

RCI Banque's overall sensitivity to interest rate risk was kept below the Group's limit of €50 million.

As of December 31, 2017, a 100-point rate increase would have an impact on the Group's net interest margin (NIM) of:

- +€4.7 million in EUR;
- +€0.4 million in KRW;
- +€0.2 million in MAD;
- -€2.9 million in GBP;
- -€0.7 million in CHF;
- -€0.4 million in BRL;
- -€0.2 million in PLN.

The sum of the absolute values of sensitivities in each currency is €10.1 million.

The consolidated foreign exchange position of the RCI Banque group amounts to €8.3 million.

## 1.1.7 Main Group subsidiaries and detailed organization chart<sup>(1)</sup>

1

### 1.1.7.1 The main subsidiaries

#### Renault s.a.s.

13-15, quai Le Gallo  
92512 Boulogne-Billancourt Cedex (France)

Wholly-owned subsidiary of Renault.

Business: design, manufacture, sale, repair, maintenance and leasing of motor vehicles (commercial, light commercial and passenger vehicles, tractors, farm machinery and construction equipment) as well as the design and production of parts and equipment used in connection with the manufacturing and operation of vehicles. Also, all types of services relative to such activities and, more generally, all industrial, commercial, financial, investment and real-estate transactions relating directly or indirectly, in whole or in part, to any of the above purposes (see Article 3 of the By-laws).

Revenues at December 31, 2017: €46,923 million.

Workforce at December 31, 2017: 31,982 persons.

#### RCI Banque S.A.

15 rue d'Uzes  
75002 Paris (France)

100% owned by Renault s.a.s.

Business: holding company for the sales financing and customer services entities of Renault and Nissan, primarily in Europe. Inventory financing (vehicles and spare parts) for Renault and Nissan Europe.

Net amount financed in 2017: €20.6 billion.

Total balance sheet (consolidated) at December 31, 2017: €49,709 million.

Workforce at December 31, 2017: 3,711 persons.

#### Renault Retail Group (France)

2, avenue Denis Papin  
92142 Clamart Cedex (France)

100% owned by Renault s.a.s.

Business: Trade, repair, maintenance and leasing of passenger cars and light commercial vehicles.

49 branches in France.

Revenues at December 31, 2017: €4,544 million.

Workforce at December 31, 2017: 7,322 persons.

#### Renault España

Avda. de Madrid, 72  
47008 Valladolid (Spain)

99.78% owned by Renault s.a.s.

Business: Manufacturing of Renault vehicles.

Plants in Valladolid, Palencia and Seville.

Revenues at December 31, 2017: €8,332 million.

Workforce at December 31, 2017: 12,200 persons.

#### Renault España Comercial SA

Avda. de Madrid, 72  
47008 Valladolid (Spain)

100% owned by Groupe Renault.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €2,553 million.

Workforce at December 31, 2017: 316 persons.

#### Renault Deutschland AG

Renault-Nissan Strasse 6-10  
50321 Brühl (Germany)

60% owned by Renault s.a.s. and 40% owned by Groupe Renault B.V.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €3,121 million.

Workforce at December 31, 2017: 408 persons.

#### Renault Italia

Via Tiburtina 1159  
00156 Rome (Italy)

100% owned by Renault s.a.s.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €2,957 million.

Workforce at December 31, 2017: 237 persons.

(1) Individual revenue data is measured and presented according to the standards used for the preparation of the consolidated financial statements.

**Revoz**

Belokranska Cesta 4  
8000 Novo Mesto (Slovenia)

100% owned by Renault s.a.s.

Business: Manufacturing of Renault vehicles.

Plant in Novo Mesto.

Revenues at December 31, 2017: €1,589 million.

Workforce at December 31, 2017: 2,572 persons.

**Renault Finance SA**

48, avenue de Rhodanie  
Case postale 1007 Lausanne (Switzerland)

100% owned by Renault s.a.s.

Business: Capital market transactions (foreign exchange, interest rates, hedging of industrial metals transactions) for Renault and Nissan; interbank dealing for own account.

Total balance sheet (consolidated) at December 31, 2017: €6,289 million.

Workforce at December 31, 2017: 31 persons.

**Renault UK**

The Rivers Office Park  
Denham Way, Maple Cross  
WD3 9YS Rickmansworth Hertfordshire (United Kingdom)

100% owned by Groupe Renault.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €1,643 million.

Workforce at December 31, 2017: 190 persons.

**Renault Belgique Luxembourg**

281, Chaussée de Mons  
1070 – Brussels (Belgium)

100% owned by Groupe Renault.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €1,343 million.

Workforce at December 31, 2017: 198 persons.

**Renault do Brasil**

1300 av. Renault, Borda do Campo  
Estado do Paraná São José dos Pinhais (Brazil)

99.92% owned by Groupe Renault.

Business: Manufacturing and marketing of Renault vehicles.

Revenues at December 31, 2017: €3,038 million.

Workforce at December 31, 2017: 7,046 persons.

**Renault Argentina**

Fray Justo Santa Maria de Oro 1744  
1414 Buenos Aires (Argentina)

100% owned by Groupe Renault.

Business: Manufacturing and marketing of Renault vehicles.

Revenues at December 31, 2017: €1,654 million.

Workforce at December 31, 2017: 2,634 persons.

**Renault Samsung Motors**

61, Renaultsamsung-daero  
46758, Gangseo-gu, Busan (South Korea)

79.91% owned by Groupe Renault.

Business: manufacturing and marketing of Renault Samsung Motors vehicles.

Plant in Busan.

Revenues at December 31, 2017: €5,252 million.

Workforce at December 31, 2017: 4,369 persons.

**Renault Algérie Spa**

13, route Dar-El-Beida  
Zone industrielle Oued Smar  
16270 – Algiers (Algeria)

100% owned by Renault s.a.s.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €835 million.

Workforce at December 31, 2017: 717 persons.

**Renault Commerce Maroc  
(Renault Maroc Commercial)**

Place Bandoeng Casablanca  
20000 – Casablanca (Morocco)

80% owned by Renault s.a.s.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2017: €790 million.

Workforce at December 31, 2017: 728 persons.

**Renault Tanger Exploitation**

Zone Franche Melloussa I  
90000 – Tangiers (Morocco)

100% owned by Groupe Renault.

Business: Study and manufacturing of Renault vehicles.

Revenues at December 31, 2017: €2,548 million.

Workforce at December 31, 2017: 6,844 persons.



## Oyak-Renault Otomobil Fabrikalari

F.S.M Mah. Balkan Cd. No 47 Umraniye BP 34770  
Istanbul (Turkey)

51% owned by Groupe Renault.

Business: Assembly and manufacturing of Renault vehicles.

Plant in Bursa.

Revenues at December 31, 2017: €3,628 million.

Workforce at December 31, 2017: 7,162 persons.

## Dacia

Str. Uzinei nr 1  
115400 Mioveni (Romania)

99.43% owned by Renault.

Business: Manufacturing and marketing of Renault and Dacia vehicles.

Plant: Mioveni

Revenues at December 31, 2017: €4,977 million.

Workforce at December 31, 2017: 14,748 persons.

## CJSC Renault Russia

Volgogradskiy Prospect, 42, housing 36  
109316 Moscow (Russia)

100% owned by Groupe Renault.

Business: Manufacturing and marketing of Renault vehicles.

Revenues at December 31, 2017: €1,825 million.

Workforce at December 31, 2017: 3,415 persons.

## Renault India Private Limited

ASV Ramana Towers, 4<sup>th</sup> floor  
#37-38 Venkatanarayana Road, T. Nagar  
600 017 Chennai (India)

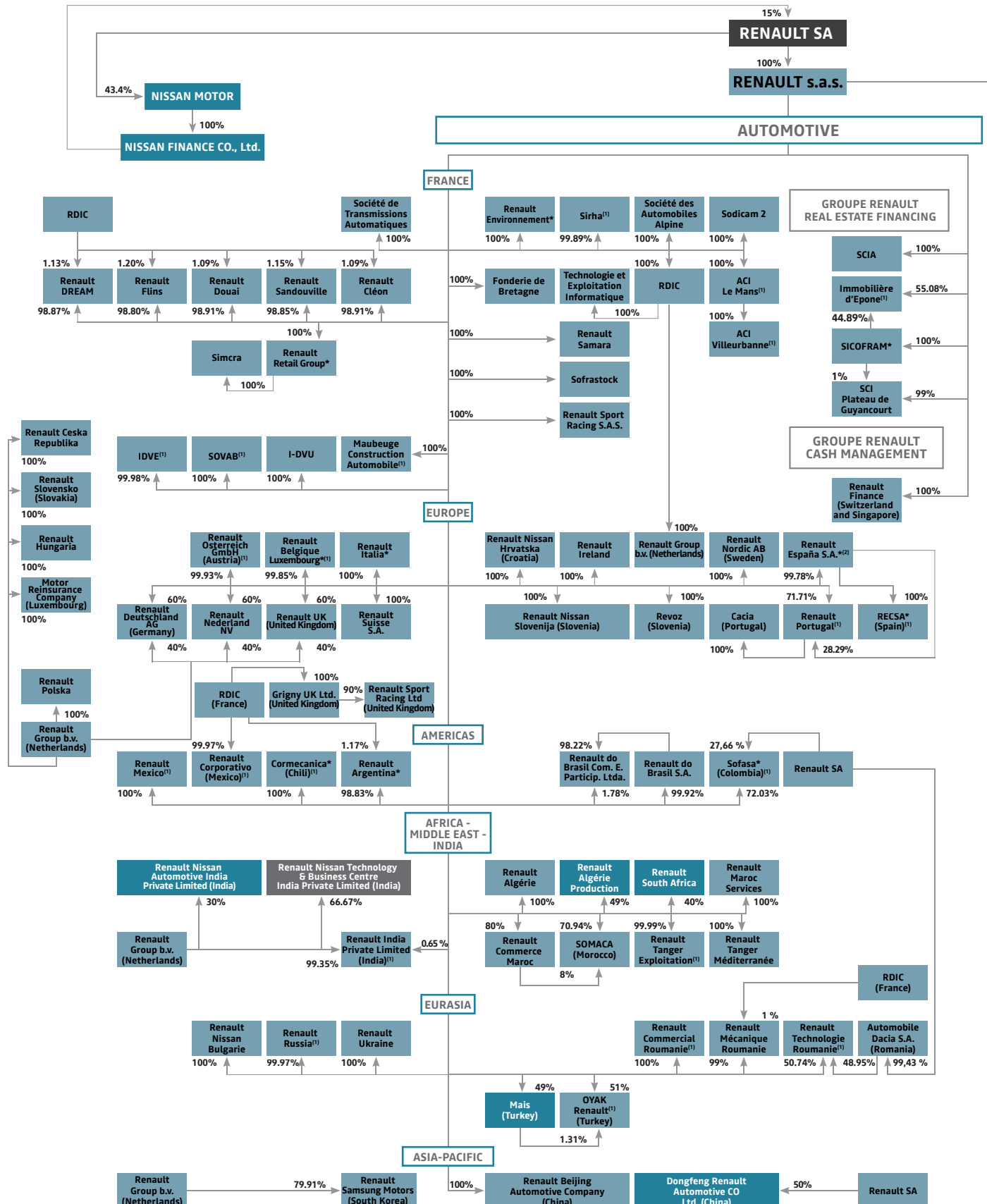
100% owned by Groupe Renault.

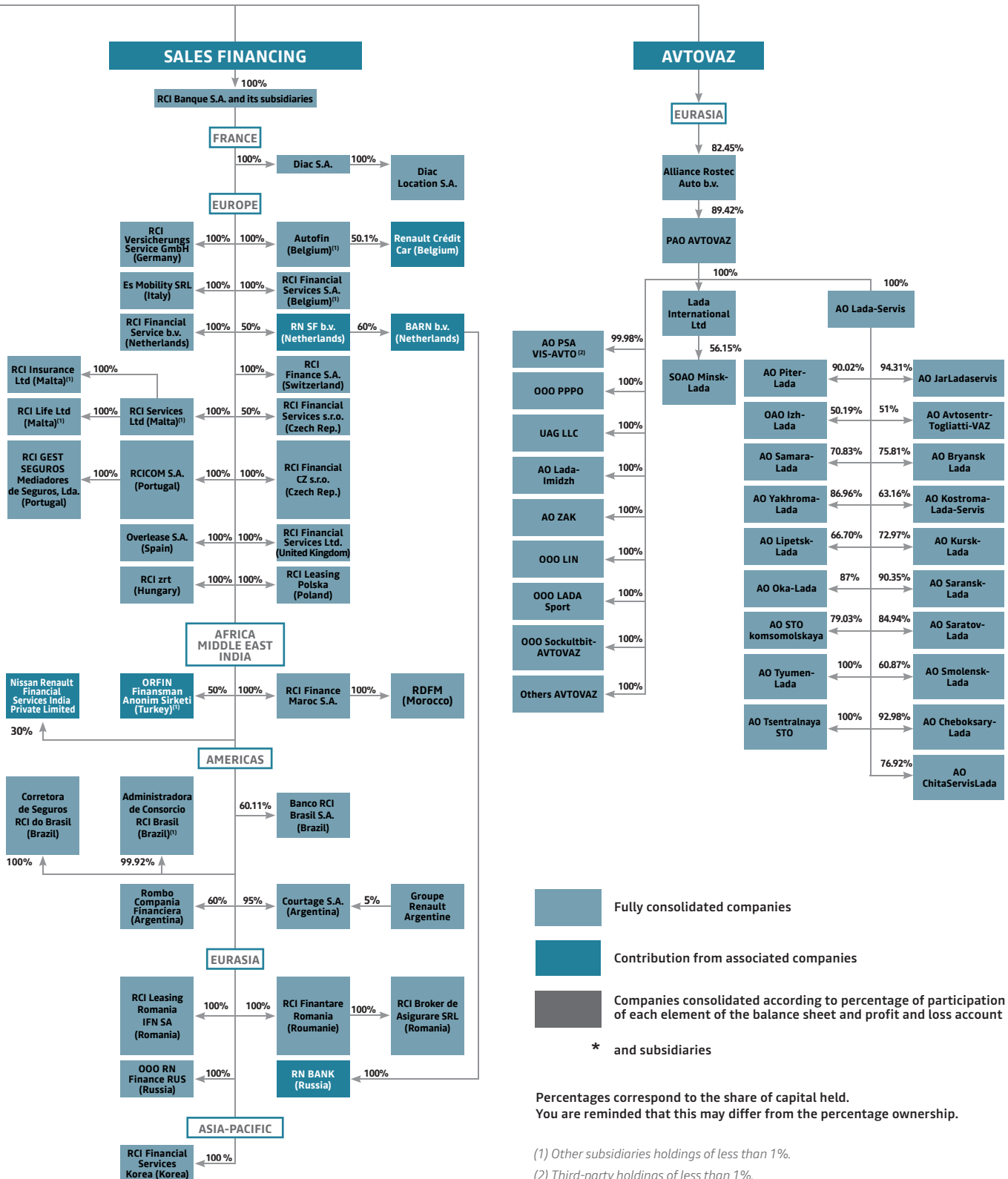
Business: Marketing of Renault vehicles.

Revenues at December 31, 2017: €1,019 million.

Workforce at December 31, 2017: 286 persons.

### 1.1.7.2 Detailed consolidated Group organization chart at december 31, 2017





## 1.1.8 “Group history” timeline

### 1898

- **The Renault Frères company is founded:** manufacture of vehicles and working of automotive patents: the first direct-drive transmission. It achieved international renown with its racing victories and became specialized in manufacturing passenger cars and taxis.
- During the First World War: **production of trucks, light tanks and aircraft engines.**

### 1945

The Company was nationalized and became the **Régie Nationale des Usines Renault** and concentrated on producing the 4CV.



### 1972

**The Renault 5:** one of the Group's best-selling models ever.

## THE 1980'S

A diversification strategy at industrial, financial and service levels, with its industrial and commercial establishments expanding internationally. A restructuring and a refocus on its basic businesses were the consequence of the difficulties experienced by the Company in 1984.

**1987 : the Company became profitable once again.**



## THE 1990'S

**1990:** a public limited company and a close cooperation agreement is signed with the Volvo group.

**1991:** cross-shareholding in the cars and heavy trucks businesses. This arrangement was unwound after plans to merge the two groups were shelved in late 1993.

**Novembre 1994:** the French government opened Renault to outside capital, a first step towards privatization, which took place in July 1996..

**1998:** inauguration of the Technocentre in Guyancourt (Engineering and design), and the Curitiba plant in Brazil..

**1999:** a historic Alliance with Nissan was signed on March 27 in Tokyo and took a 51% ownership interest in the Romanian manufacturer Dacia..

### 1999

long lasting alliance with

## NISSAN

### 2000

80.1% stake in Dacia and and Samsung in South Korea taken over.

### 2002

Renault and Nissan implemented the second stage of their Alliance, aimed at strengthening their equity ties and creating a joint strategic structure. Renault raised its stake in Nissan from 36.8% to 44.4%. At the same time, Nissan took a 15% ownership interest in Renault.

### 2003

The year of the MEGANE I, with five different bodies (SCENIC II, GRAND SCENIC, MEGANE Hardtop Convertible, MEGANE Four door sedan and MEGANE Estate) were added to the two models launched in 2002, **seven models were launched in 17 months and became the bestselling car in Europe.**



### 2008

An additional action plan was set up following the financial and economic crisis, with particular emphasis on controlling stocks and reducing costs and investments. New business locations planned by the Renault-Nissan Alliance in Tangiers (Morocco) and in Chennai (India) were deferred or put on hold. Renault is relying on its subsidiary Avtoframos, which produces LOGAN and sells a range of imported Renault vehicles, and also on its strategic partnership with AVTOVAZ.

### 2009

Management of the crisis included the Renault Volontariat plan set up **as well as a social contract implemented** (part-time working and wages maintained), to reach a positive free cash flow.

### 2010

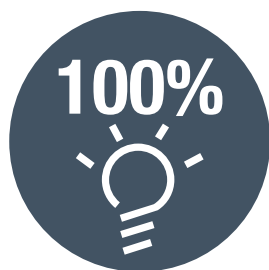
- More than 2,625,000 units (passenger cars+LCVs) sold.
- **The DeZir concept-car is introduced in Paris**, giving concrete expression to the Group's new strategy on design, based on the life-cycle. The Alliance and Daimler AG sign a long-term strategic cooperation agreement. Daimler holds 3.1% of Renault and Nissan shares, and Renault and Nissan each hold 1.55% of the Daimler shares.

### 2011

- 2.72 million units sold and the commitment to an Operational free cash flow of €500 million was met and the net debt position is at the 1998 level.
- Supplies were severely disrupted by the earthquake and tsunami in Japan.
- The sovereign debt crisis in the Euro zone and attempted fraud.
- The Renault 2016 strategic plan Drive the Change is launched.

## 2012

- 2.5 million vehicles (-6.3% compared to 2011).
- For the first time in its history, the Group sold as many vehicles outside Europe as within Europe. Brazil and Russia are now the Group's second and third biggest markets.
- 11<sup>th</sup> title of World Champion of Formula-1 manufacturers.
- Launch of the CITAN (Daimler), the small light commercial vehicle, and signature of an agreement to take control of AVTOVAZ in Russia strengthened partnerships..



## 2013

- The Group sold **2,628,208 vehicles** in 2013 against 2,548,622 in 2012.
- In 2013, CLIO IV was the third biggest selling vehicle in Europe, and the top seller in France. CAPTUR, Renault's urban crossover, was released and was number-one in its category in France and Europe.
- The ZOE, an all-electric car, was launched. Renault led sales of electric vehicles in Europe.
- DUSTER, voted car of the year in India, is the Group's best-selling vehicle since it was launched in 2010.
- A contract for a new dynamic of growth and social development at Renault in France was signed in March.
- The Alpine returned to the Le Mans 24 Hours race and, for the 12<sup>th</sup> time, Renault was world champion of the Formule-1 engine manufacturers, the unveiling of the new Renault Energy F1-2014 electrified Power Unit.

## 2014

- 2.7 million units for Groupe Renault in 2014, increasing 3.2% from 2013..
- **China** – On December 16, 2013, Carlos Ghosn, Chairman and CEO of Renault, and Xu Ping, Chairman of Dongfeng Motor, signed an agreement to set up Dongfeng Renault Automotive Company (DRAC).
- **Malaysia – Development of manufacturing facilities:** Renault and Tan Chong Motors signed a local assembly agreement.
- **Car-sharing** – Renault and Bolloré signed an agreement to promote the development of electric vehicles.
- **FIA Formula-E Championship** – Motor sports are entering a new era with the very first FIA Formula-E race held in the streets of Beijing in China.
- **EOLAB** – with consumption of 1 l/100km in mixed NEDC (22g of CO<sub>2</sub> km), EOLAB is a reflection of Renault's constant desire to further reduce the environmental footprint of its vehicles.
- **Alpine** – ELMS/ALPINE A450B. The Signatech-Alpine team won its second consecutive title at the European Le Mans Series, Alpine is continuing to prepare the Berlinette of the twenty first century, which will be marketed in 2016.

## 2015

- 2.8 million units for Groupe Renault in 2015, increasing 3.3% from 2014.
- **The strategic partnership between Daimler and the Renault-Nissan Alliance celebrates its fifth anniversary.** The number of joint projects has risen from 3 to 13 in Europe, Asia and the Americas.
- **Alpine celebrates 60 years** of motorsport passion by unveiling its new Alpine Celebration show car, developed specially for the Le Mans race.
- First title in the history of 100% electric automotive sports, the e.dams-Renault team wins the first Formula E Championship.
- The Renault-Nissan Alliance publishes the record amount of synergies generated in 2014: €3.8 billion.
- In a little over ten years, Dacia has won over 3,500,000 customers in Europe and the Mediterranean Region.
- Renault-Nissan Alliance at COP21, during the event, 200 electric Alliance vehicles transported nearly 8,000 participants and avoided the discharge of 18 tons of CO<sub>2</sub> into the atmosphere.

## 2016

- **Two years after the creation of the joint-venture, Dongfeng Renault Automotive Company opens the Wuhan plant, which manufactures the KADJAR and the New KOLEOS.**
- Renault announces the production of the KWID in Brazil in a version adapted by Renault Technology Americas and Renault Design Latin America.
- After Silicon Valley, Renault continues its strategy of innovation and opens a Renault Open Innovation Lab in Tel Aviv. The purpose of this initiative is to promote electric vehicles and promote creativity based on sustainable mobility.
- After DeZir in 2010, Renault unveils TreZor, its new concept-car. This electric coupé is an expression of Renault's design maturity, which is the biggest reason people buy the brand's cars in Europe.
- The Renault-Nissan Alliance and Microsoft Corp. have signed a global partnership agreement to develop the technologies of tomorrow and advance connected driving experiences around the world.
- **Nissan is finalizing its 34% stake in Mitsubishi Motors Corporation (MMC). The arrival of a new member, alongside Renault and Nissan, is an important step for the Alliance.**
- **On December 28, AVTOVAZ became fully consolidated within Renault's accounting scope.**

## 1.2 THE ALLIANCE

### 1.2.1 Overview

#### 1.2.1.1 Nineteen years of cooperation

The Alliance between the Renault and Nissan groups constitutes the most sustainable and productive multi-cultural strategic collaboration in the automotive industry. For 19 years, this partnership has offered a unique, pragmatic and agile model, always able to evolve and integrate new projects and partners. Now extended to the Mitsubishi group, it forms the largest automotive alliance in the world.

In 2017, the Alliance achieved significant growth, with over 10.6 million vehicles sold globally in the world and became no. 1 worldwide in terms of sales of passenger cars and light commercial vehicles. The Alliance is also the manufacturing leader of zero-emission vehicles and is developing the innovative technologies of tomorrow's autonomous, connected and affordable vehicles.

The Alliance aims to create value for each partner and for all stakeholders (employees, customers, suppliers, etc.) through the identification of synergies and the implementation of common solutions in the interest of its members.

The "Alliance 2022" mid-term strategic plan launched in September 2017 aims to double the annual amount of synergies, from €5 billion in 2016 to more than €10 billion in 2022. It is based in particular on:

- four common platforms on which over nine million vehicles will be produced;
- a greater proportion of common engines - from one-third in 2016 to three-quarters of engines shared in 2022;
- the sharing of electrification, connectivity and autonomous driving technologies;
- 12 new 100% electric models with shared platforms and components;
- 40 new vehicles with autonomous driving technology; and
- the ambition to become an on-demand mobility services operator using robo-vehicles.

#### 1.2.1.2 Founding principles of the Alliance

The success and sustainability of the Alliance are based on principles of trust, fairness, transparency and mutual respect among its members.

The Alliance ensures a strict balance between partners and the preservation of their respective interests.

It strives to develop "win-win" solutions, always elaborated by consensus since the beginning of the partnership and to maximize synergies while preserving each partner's brand identity and corporate culture.

Since 1999, the Alliance has never deviated from these founding principles.

#### 1.2.1.3 Founding objectives

Since 1999, the Alliance has pursued a strategy of sustainable and profitable growth with three long-term objectives:

- to rank in the top three automotive groups for quality and attractiveness of its products and services in each region of the world and range segment;
- to rank in the top three automotive groups in key technologies, each partner being a leader in specific fields of excellence; and
- to rank in the top three automotive groups by operating profit, thanks to a high operating margin and sustained growth.

## 1.2.2 History

### 1.2.2.1 Creation of the Alliance

On March 27, 1999, Renault and Nissan Motor Co. Ltd entered into the founding agreement of the Alliance, which at the time was entitled the Alliance and Equity Participation Agreement (the "AEPA").

Under the terms of the AEPA, Renault acquired a 36.8% stake in Nissan's capital and subscribed for share subscription warrants that enabled it to increase its stake first to 39.9% and then to 44.4% of Nissan's capital.

For its part, Nissan was given the opportunity to acquire a stake in Renault in the future.

### 1.2.2.2 Strengthening of the Alliance

#### Entry into of the RAMA

Nissan's turn-around and the Alliance's rapid success led the partners to take a new step forward by accelerating the implementation of their financial agreements, and further institutionalizing their commercial and industrial cooperation.

Accordingly, on December 20, 2000, Renault and Nissan entered into the Alliance's second master agreement, the "Alliance Master Agreement" (the "AMA"), which was reiterated and updated on March 28, 2002 by the signing of the "Restated Alliance Master Agreement" (the "RAMA").

#### Reciprocal acquisitions of stakes by Renault and Nissan

Under the AMA and then the RAMA, Renault strengthened its stake in Nissan, and Nissan acquired a 15% stake in Renault's capital:

- on March 1, 2002, Renault increased its stake in Nissan from 36.8% to 44.4%; and
- on March 29, 2002 and May 28, 2002, Nissan increased its stake in Renault to 15% through two capital increases reserved to Nissan Finance Co. Ltd, a wholly-owned subsidiary of Nissan.

Pursuant to Article L. 233-31 of the French Commercial Code, the Renault shares held by Nissan Finance Co. Ltd are not taken into account in the calculation of the quorum, and the voting rights attached to the shares are neutralized, *i.e.*, they cannot be exercised at annual general meetings.

#### Creation of Renault-Nissan b.v.

Renault-Nissan b.v. ("RNBV") was formed on March 28, 2002 in order to strengthen the governance of the Alliance.

This Amsterdam-based company has been owned equally by Renault and Nissan since 2002. It coordinates the common activities on a global scale and contributes to the preparation of the Alliance's strategy and mid and long-term planning (see Section 1.2.3.2 "Powers of RNBV").

### 1.2.2.3 Deepening of the Alliance

#### Combination of the roles of Chairman and Chief Executive Officer of Renault and of Nissan in 2005

In 2005, Mr. Carlos Ghosn became Chairman and Chief Executive Officer of Renault, while remaining Chairman and Chief Executive Officer of Nissan.

On April 29, 2005, Renault and Nissan entered into a first amendment to the RAMA in order to, among other things, modify the governance of RNBV to take into account the combination of the functions of Chairman and Chief Executive Officer of Renault and Chairman and Chief Executive Officer of Nissan.

On April 1, 2017, Mr Hiroto Saikawa was appointed Chief Executive Officer of Nissan. Mr. Carlos Ghosn remains Chairman of Nissan.

#### Intensification of the partnership

On April 15, 2009, RNBV decided to accelerate and intensify the partnership between Renault and Nissan.

Alliance Directors and Managing Directors, employees of Renault and Nissan, were appointed by RNBV to share best practices within the Alliance and complete the search for synergies.

#### Enlargement of the RNBV Management Board

On November 7, 2012, Renault and Nissan signed a second amendment to the RAMA to add two members to the RNBV Management Board.

### 1.2.2.4 Consolidation of the Alliance

In the context of the increase by the French Government of its stake in the capital of Renault and then the introduction of double voting rights, on December 11, 2015 the Board of Directors of Renault authorized and the Annual General Meeting approved on April 29, 2016, the signing of the following agreements:

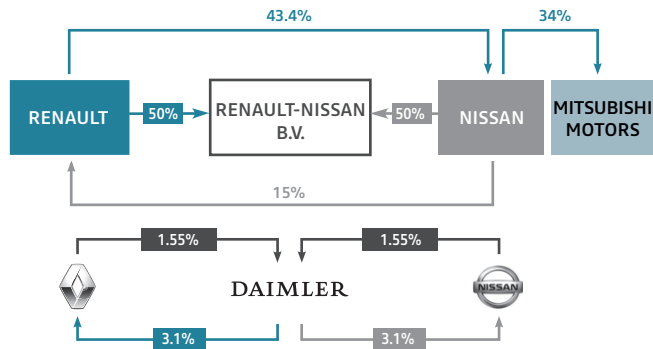
- a governance agreement entered into on February 4, 2016 between Renault and the French State, aimed at restricting the free exercise of the French State's voting rights for certain decisions submitted to the Annual General Meeting.  
This agreement is described in Section 5.2.6.2 "Shareholders' agreements on shares and voting rights of the Company"; and
- a third amendment to the RAMA signed on December 11, 2015 between Renault and Nissan that enshrines in particular the constant practice of non-interference of Renault in the governance of Nissan.

On November 2, 2017, the French State sold the 14 million Renault shares acquired in 2015. On that occasion, Renault bought back 1,400,000 shares with the aim of implementing an offer reserved for employees and former employees of the Group.

The agreements entered into with the French State and Nissan remain in force.

### 1.2.2.5 Expansion of the Alliance to Mitsubishi Motors

#### Acquisition by Nissan of a stake in Mitsubishi Motors



On October 20, 2016, Nissan, which is 43.4% owned by Renault, acquired a 34% stake in Mitsubishi Motors, thus becoming its largest shareholder.

The acquisition of Mitsubishi Motors by Nissan enabled the expanded Alliance to consolidate its industrial position, the three manufacturers having a combined sales volume of more than 10.6 million units in 2017.

Mr. Carlos Ghosn was appointed Chairman of Mitsubishi Motors in December 2016.

## 1.2.3 Functioning of the Alliance

### 1.2.3.1 Role of RNBV

RNBV initiates and coordinates the actions undertaken within the Alliance.

To this end, since 2002, RNBV has had decision-making and recommendation powers that it exercises in consensus with each partner and in compliance with their interests.

These decision-making and recommendation powers are exercised in areas that affect Alliance-wide strategy and planning. They are described in Section 1.2.3.2 "Powers of RNBV" below.

RNBV's decisions and recommendations reflect the common positions of the Alliance partners. They are made in compliance with Renault's corporate interest.

Furthermore, RNBV has control over Renault-Nissan Purchasing Organization (RNPO, renamed Alliance Purchasing Organization), created by Renault and Nissan in April 2001, which RNBV has been the sole shareholder of since June 24, 2003 and which missions are described in Section 1.2.5 "Synergies – A way to measure the benefits of the cooperation".

RNBV does not intervene in the operational management of Renault or Nissan and does not share in the profits or bear the associated risks. Operational decisions are made and implemented by each company to the

### Integration of Mitsubishi Motors within the Alliance

The process of integrating Mitsubishi Motors within the Alliance has begun.

As part of the strengthening of the convergence within the Alliance (see Section 1.2.6 "The convergence project as from 2018"), from April 2018, Mitsubishi Motors joins the Purchasing, Business Development and Quality and Total Customer Satisfaction converged functions. Mitsubishi Motors will also gradually participate in other converged functions within the Alliance as from 2019.

### 1.2.2.6 Strategic cooperations of the Alliance

The Alliance has also entered into strategic cooperations with other manufacturers, including Daimler (see Section 1.2.7 "Strategic cooperations").

extent that they concern it, including for the so-called converged activities (see Sections 1.2.5 "Synergies – A way to measure the benefits of the cooperation" and 1.2.6 "The convergence project from 2018" below).

### 1.2.3.2 Powers of RNBV

#### Delegation of certain powers to RNBV

In accordance with the RAMA and Article 15 of the Renault SAS by-laws, Renault and Nissan have delegated certain powers to RNBV pursuant to a management agreement signed on April 17, 2002 for an initial period of 10 years (the "Management Agreement").

In April 2012, the Management Agreement was renewed for another 10 year period pursuant to an agreement entitled Renewal Agreement of the Management Agreement the provisions of which are identical to those of the Management Agreement (the "Renewal Agreement of the Management Agreement"). Renault shareholders were informed of this at the 2012 Renault Annual General Meeting.

The delegation of powers granted to RNBV will expire on April 16, 2022. The Renault shareholders will be informed of the renewal of the Management Agreement.



## List of powers delegated to RNBV

The list of powers delegated to RNBV is restrictive and has not changed since the creation of the Alliance.

First and foremost, RNBV has decision-making powers that cover:

- adoption of 3-, 5- and 10-year plans (strategic Company projects, with quantified data);
- approval of product plans (phase of strategic projects corresponding to the design, manufacturing and sale of current or future products, vehicles and components);
- decisions concerning the sharing of products and powertrains (such as platforms, vehicles, gearboxes, engines and other components);
- principles of financial policy, including:
  - discount rates used for ROIC studies and hurdle rates, applicable to future models and investments,
  - risk management rules and the policy governing them,
  - rules on financing and cash management,
  - debt leverage strategy;
- management of common subsidiaries, and the creation, modification, steering and disbandment of cross-company teams (CCTs) and functional task teams (FTTs). These teams operate in all the main sectors and areas of activity and are tasked with exploring new synergies between the two companies. Team managers report regularly to the Alliance Board on the progress made in their specific area of activity; and
- any other subject or project assigned to RNBV on a joint basis by Nissan and Renault.

RNBV also has the exclusive power to propose a set of decisions to Renault and Nissan. Both manufacturers remain free to follow those proposals or not.

These proposals relate to:

- creation and scope of joint subsidiaries;
- supplementary financial incentive schemes for management;
- significant changes in scope involving total amounts of \$100 million or more;
- strategic investments exceeding \$500 million; and
- strategic cooperations between Nissan or Renault and third parties.

Any potential changes to the powers delegated to RNBV would require:

- the entry into of an amendment to the RAMA, subject to the procedure applicable to related-party agreements described in Articles L. 225-38 et seq. of the French Commercial Code, requiring prior approval by

Renault's Board of Directors, followed by an approval at the Renault Shareholders' Annual General Meeting;

- the amendment of the Renault s.a.s Articles of Association which shall be approved by Renault S.A., the sole shareholder of the Company, and be disclosed to Renault's shareholders at the Company's next General Meeting, in accordance with the provisions of Article 19 of the Renault s.a.s Articles of Association; and
- the entry into of an amendment to the Renewal Agreement of the Management Agreement.

### 1.2.3.3 Governance of RNBV

The functioning of the Management Board of RNBV is described in Articles 14 et seq. of the RNBV Articles of Association.

A French translation of the RNBV Articles of Association is available on the Renault website.

### Composition of the RNBV Management Board

The composition of the Management Board of RNBV has always followed a principle of balance in the representation of Renault and Nissan. In practice, decisions and recommendations from RNBV are always made by consensus between the two shareholders.

Pursuant to the RNBV Articles of Association, the Management Board currently comprises ten members:

- five members are appointed by Renault, the "**R Members**", from among whom Renault chooses the Chairman of the Management Board, entitled "**Chairman and CEO**"; and
- five members are appointed by Nissan, the "**N Members**", from among whom Nissan chooses the Vice-Chairman of the Management Board, entitled the "**Vice-Chairman**".

The Chairman and the Vice-Chairman have four votes each, and the other members of the Management Board have one vote each. In the event of a tie, the Chairman has a casting vote.

All decisions of the Management Board are made by simple majority of the votes of the members present or represented.

The R Members, including the Chairman of the Management Board, may be dismissed at any time by Renault and N Members, including the Vice-Chairman of the Management Board, may be dismissed at any time by Nissan.

RNBV Articles of Association also provide the rules applicable in the event that the functions of Chairman and Chief Executive Officer of Renault and of Chairman and Chief Executive Officer of Nissan are once again exercised by a single person, as was the case from 2005 to April 1, 2017.

## Composition of the RNBV Management Board in 2017

	Until April 1, 2017		As of April 1, 2017	
	Position	Vote	Position	Vote
<b>Carlos Ghosn</b> Chairman and Chief Executive Officer of Renault Chairman of Nissan Chief Executive Officer of Nissan (until April 1, 2017)	Chairman of the Management Board	6	Chairman of the Management Board	4
<b>Thierry Bolloré</b> Chief Competitive Officer of Renault	Member of the Management Board	1	Member of the Management Board	1
<b>Stefan Mueller<sup>(1)</sup></b> Chief Performance Officer of Renault	Member of the Management Board	1	Member of the Management Board	1
<b>Bruno Ancelin</b> EVP, Product Planning & Programs, Renault	Member of the Management Board	1	Member of the Management Board	1
<b>Mouna Sepehri</b> EVP, Renault CEO Office	Member of the Management Board	1	Member of the Management Board	1
<b>Hiroto Saikawa</b> Chief Executive Officer of Nissan (as of April 1, 2017)	Member of the Management Board	1	Vice-Chairman of the Management Board	4
<b>Philippe Klein</b> Chief Planning Officer of Nissan	Member of the Management Board	1	Member of the Management Board	1
<b>José Muñoz</b> Chief Performance Officer of Nissan	Member of the Management Board	1	Member of the Management Board	1
<b>Yasuhiro Yamauchi</b> Chief Competitive Officer of Nissan	Member of the Management Board	1	Member of the Management Board	1
<b>Hari Nada</b> SVP, Nissan CEO Office	N/A		Member of the Management Board	1

(1) Resigned as from February 19, 2018.

### Functioning/powers of the RNBV Management Board

Pursuant to the RNBV Articles of Association, the Management Board meets regularly and makes all decisions within the powers conferred to it.

The first meeting of the Management Board of the Alliance took place on May 29, 2002.

The Management Board has the power to represent the company vis-à-vis third parties. Likewise, the Chairman and the Vice-Chairman each have the power to represent the company vis-à-vis third parties.

All decisions affecting the Alliance are made in the common interest of Renault and of Nissan. In the event that a member of the Management Board finds itself in a situation where there is a conflict of interest in the decision-making process, he or she shall abstain from taking part in the decision.

The members of the executive committees of both companies are regularly invited to contribute to the work of the Management Board in the context of the enlarged Alliance Board Meetings (ABMs).

### Activities of the RNBV Management Board in 2017

With the support of the dedicated Alliance teams, the RNBV Management Board has carried out work in areas relating to the powers delegated to it, and in particular relating to:

- the strategic mid-term plans of Renault and Nissan for 2017 to 2022 (see Section 1.2.3.5 "Recent example: Development and approval of the Renault Mid-Term Strategic Plan");
- the creation of the Alliance's venture capital fund, "Alliance Ventures";
- the creation of the Alliance light commercial vehicles division;
- the common platform plan;
- the shared powertrain parts plan (engines, transmissions and other parts);
- the Renault and Nissan vehicle product plans; and
- the financial policy principles on hedging and exchange rates.

### 1.2.3.4 A consensual decision-making process

RNBV is the governance structure of the Alliance within which is found the consensus needed to make decisions in areas of common interest to the Alliance.

The decisions and recommendations initiated by RNBV are prepared by Renault and Nissan managers. They reflect the common consensual position of the Alliance partners in strategic and planning matters, within the Alliance.

Renault representatives within RNBV, as well as Renault's management and administrative bodies, ensure that all decisions initiated by RNBV are made in compliance with Renault's corporate interest.

In addition, RNBV's decisions and recommendations are submitted to the management and administrative bodies of Renault, which ensure their compliance with Renault's corporate interest. Thus, no strategic option with regard to Renault, including under powers delegated to RNBV, is taken without Renault executives or Board of Directors, depending on circumstances, having expressed an opinion.

As part of this review, the members of Renault's Board of Directors, including its independent members, have all the information they need on the questions submitted to them and participate fully in preparing the decisions taken by Renault's Board of Directors.

The implementation of the orientations defined by RNBV and all of the resulting operational decisions remain of the exclusive competence of Renault, which is represented by its Board of Directors and the executives authorized to represent the company.

Beyond the areas covered by RNBV's competence, Renault is entirely free to conduct its activities, and all decisions relating to the operational, commercial, financial and social management of the company are made by its management and administrative bodies acting autonomously and independently.

### 1.2.3.5 Recent example: development and approval of the Renault mid-term strategic plan

Renault's mid-term strategic plan, presented on October 6, 2017 was prepared at the initiative and under the responsibility of the Renault Planning Department. It was elaborated from contributions made by the Renault teams in the main functions of the Company and the Group's various regions and business units.

This work was first presented to the Group Executive Committee (**GEC**) of Renault over several meetings held since the work began in early 2016.

At the same time, as regards to Alliance-related matters, particularly those relating to Renault and Nissan converged functions (mainly advanced research, purchasing and cross-manufacturing), preparation of the plan was driven by Renault and Nissan joint teams.

Matters falling under the competence of RNBV and requiring decisions common to both groups were reviewed and approved by the Management Board of RNBV.

Based on these contributions, the Renault GEC then prepared and drew up a final version of Renault's mid-term strategic plan.

After it was approved by the Renault GEC, the plan was approved by the RNBV Management Board with regard to aspects relating to the Alliance that fall under its competence.

The plan was then reviewed by Renault's International and Industrial Strategy Committee in anticipation of the meeting of the Renault Board of Directors.

Finally, based on all of that work and those decisions, the Renault Board of Directors reviewed and definitively approved the plan.

## 1.2.4 Operational management of the Alliance

Within RNBV, dedicated managers are responsible for identifying possible synergies and promoting the sharing of best practices within the Alliance.

In addition to the converged functions, the Alliance continues to look for additional synergies in functions that are not converged through cross-company teams (**CCTs**) and Functional Task Teams (**FTTs**).

### 1.2.4.1 Steering committees (SCs)

The Steering Committees (**SCs**) are tasked with defining the Alliance's cross-functional strategic operational priorities, submitting topics to the Alliance Management Board meeting that may be given priority status on the agenda and coordinating the activities of the CCTs and FTTs.

Today, there are 13 SCs, each skilled in a specific field and supporting the CCTs and FTTs in the implementation of the Alliance projects. The fields in question are:

- Department in charge of competitiveness;
- Asia-Pacific (excl. China);
- Planning;
- AMI (Africa, Middle East and India);
- Sales & Marketing;
- Americas Region;
- After-sales;
- Europe;
- Communications;
- Russia;
- China;
- Finance; and
- Services.

The number of SCs, CCTs and FTTs and their area of focus are constantly adapted in line with the needs of the Alliance.

### 1.2.4.2 Cross-Company teams (CCTs)

CCTs are working groups of staff and experts from the Alliance's member companies. They explore possible areas for new cooperation, define projects and then monitor implementation of projects approved by the Management Board.

There are currently 13 CCTs working in the following areas:

- Product planning;
- France;
- Light commercial vehicles;
- Africa;
- Vehicle information technology;
- Mexico;
- Brazil;
- Vehicle engineering;
- India;
- Parts & accessories;
- ASEAN (Association of Southeast Asian Nations);
- Fleet sales; and
- Middle East.

### 1.2.4.3 Functional task teams (FTTs)

Comprised of experts from the Alliance's member companies, the FTTs provide the CCTs with essential support in terms of benchmarking, promotion of best practices and harmonization of tools used in the support functions.

There are 17 FTTs that cover the following key areas:

- Corporate planning & strategy and business development;
- Marketing organization;
- Product engineering performance;
- Sales expansion;
- Quality;
- Customer experience;
- Cost management & control;
- Service engineering;
- Global tax;
- Legal & intellectual property;
- Joint media buying;
- Alliance Motorsport;
- Joint events & motor-shows;
- Communications;
- Connected services;
- Distribution network; and
- Joint agencies.

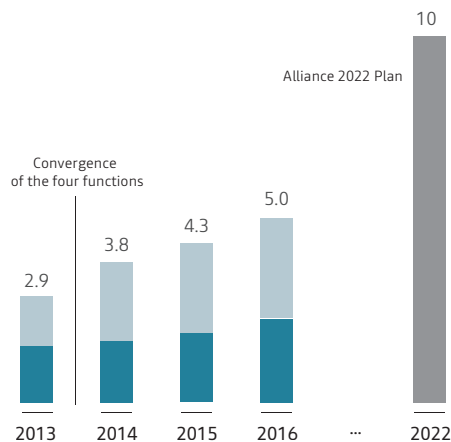
## 1.2.5 Synergies – A way to measure the benefits of the cooperation

One of the key ways to measure the effectiveness of the cooperation within the Alliance, is to evaluate synergies. These synergies result from revenue increases, cost reductions and cost avoidance. Only new synergies – and not cumulative synergies – are evaluated each year.

The Alliance synergies are reported by the pilots of the CCTs and validated by the Management Controllers. The impact on the member companies' income statements is reported during the Alliance Management Board meetings.

In July 2017, the Alliance announced synergies of €5 billion in respect of the 2016 financial year, a 16% increase compared to 2015. Purchasing, Engineering and Manufacturing were the top contributors to synergies.

As part of the "Alliance 2022" Mid-Term Plan, the Alliance aims to increase annual synergies to over €10 billion by the end of the plan.



Evolution of synergies (in light blue: Nissan; in grey: Renault)

### 1.2.5.1 Renault Nissan Purchasing Organization, renamed Alliance Purchasing Organization

The purchasing organization is based on Renault-Nissan Purchasing Organization (RNPO), which was the first joint company set up by Renault and Nissan. Since its creation in April 2001, it has been the biggest contributor to Alliance synergies.

Alliance members have been able to make substantial cost savings by pursuing a common purchasing strategy and building a network of common suppliers.

In 2001, Renault-Nissan Purchasing Organization was involved in around 30% of purchases made by Renault and Nissan. Since 2009, RNPO (renamed Alliance Purchasing Organization in April 2018) has carried out 100% of the Alliance's purchases.

Its scope of intervention has gradually been extended to cover all Regions where Renault and Nissan have production facilities.

The development of Renault-Nissan Purchasing Organization was accelerated in April 2014, with the convergence of Alliance members' operational functions and the joint development of an increasing number of vehicles on the Common Module Family (CMF) architecture.

Renault-Nissan Purchasing Organization (which became Alliance Purchasing Organization in April 2018) now ensures the coherence of purchasing programs and projects for Renault and Nissan across the five "purchasing" regions (Europe, South America, North America, Asia and Russia).

### 1.2.5.2 Engineering

For the past four years, the convergence of Alliance engineering has led to the development of common technologies, platforms and engines.

The CMF approach has made a substantial contribution to the convergence in terms of engineering. This unique modular architecture system gives Renault, Nissan and Mitsubishi Motors the opportunity to build a wide range of vehicles from a smaller number of parts.

CMF divides cars into five fundamental modules: engine compartment, cockpit, front underbody, rear underbody plus the electronic architecture. The five big modules can be mixed and matched to create an unusually large variety of vehicles.

The CMF approach has now been extended to all Alliance vehicle segments.

By sharing the technical architecture among a wide variety of models, the Alliance is dramatically reducing costs, while increasing customer choice and quality. The approach cuts entry ticket costs by up to 40% and purchasing costs by up to 30%. The development of CMF vehicles is helping to drive synergies in all the Alliance's major business areas – from purchasing to vehicle engineering and powertrains.

### 1.2.5.3 Manufacturing, production engineering & supply chain

Renault and Nissan have actively exchanged know-how in the area of production performance management since 1999. Both companies' manufacturing systems – Renault Production System (RPS) and Nissan Production Way (NPW) – are now fully aligned under the Alliance Production Way (APW).

## 1.2.6 The convergence project as from 2018

On March 1, 2018, the Alliance – extended to Mitsubishi Motors – announced the launch of projects to accelerate the convergence within nine key functions, in order notably to identify new opportunities allowing to achieve the target of €10 billion in annual synergies by the end of the "Alliance 2022 plan". These functions are as follows: Engineering; Manufacturing, Production Engineering and Supply Chain Management; Purchasing, Quality and Total Customer Satisfaction; Aftersales; Business Development; Talent; Renault-Nissan-Mitsubishi LCV Business and the CEO Office.

Within this framework, a strengthened organization of the converged functions has been in place since April 1, 2018, with each division reporting to Mr. Carlos Ghosn. It shall enable optimized expenditure, maximized pooling, technology and resource sharing and simplified decision-making processes. It will accordingly play a role in strengthening the performance and growth of the Alliance member companies, whilst complying with the autonomy and separate strategies of Groupe Renault, Nissan Motor and Mitsubishi Motors.

### 1.2.6.1 Alliance engineering

In 2018, the Alliance – extended to Mitsubishi Motors – chose to strengthen the cooperation between its members by extending it to all engineering activities, and notably product development.

This function will safeguard competitiveness, avoid duplication and divergence, develop more technologies and optimize capacities. It will improve the implementation and effectiveness of engineering-related activities, thanks to the implementation of performance, process, benchmark, methods and shared tool indicators.

This compatibility allows workshop managers to complete comparative benchmarks directly against each other in all areas, including machining, engine assembly, stamping, welding, painting, trim and chassis in order to identify and deploy best practices in all Renault and Nissan plants.

Each year, all Alliance plants are ranked according to QCTP (quality, cost, time and productivity) in order to evaluate their respective performance. New challenges related to environmental objectives (e.g. electric vehicle battery recycling and energy efficiency) represent a new field for the exchange of best practices.

In 2015, the Alliance began rolling out APW at all plants around the world where cross-manufacturing takes place. All Renault and Nissan plants have adopted the APW as of the end of 2016.

### 1.2.6.2 Manufacturing, Production Engineering and Supply Chain Management

The convergence project aims to maximize synergies by improving the distribution, the efficiency, and the optimal use of Alliance resources as well as the optimal management of investments and the industrial locations of member companies.

### 1.2.6.3 Alliance Purchasing Organization

Renault-Nissan Purchasing Organization became Alliance Purchasing Organization as of April 1, 2018.

It is responsible for organizing Renault, Nissan and as from April 1, 2018, Mitsubishi Motors' purchasing.

Within the framework of the extended Alliance to Mitsubishi Motors, Alliance Purchasing Organization will ensure purchasing coherence for the members of the Alliance as extended. Specifically, Alliance Purchasing Organization will select appropriate suppliers, on behalf of each Alliance member, and will maintain a list of potential suppliers for each of the products and services. It will also be responsible for negotiating prices and delivery terms and conditions.

In this context, Alliance Purchasing Organization will build on the growth and purchasing volumes to ensure the sustainable competitiveness of each Alliance member manufacturer. This division will actively contribute to defining and implementing the Alliance's strategy, in order to significantly improve the Overall Opinion (OaO) and technologies.

#### 1.2.6.4 Quality and total customer satisfaction

The convergence of the Alliance Quality and Customer Satisfaction function is aimed at developing a common quality strategy and proposing measures for the harmonization of quality assurance processes in all projects developed by the Alliance engineering.

This function will specifically look for improvements in the OaO area across all markets and will guarantee customer satisfaction in terms of both products and services.

#### 1.2.6.5 Aftersales

Under the Alliance 2022 plan, member companies aim to increase synergies and cooperation in aftersales activities such as accessories, spare parts, engineering, purchasing and connected services.

Targeted areas of convergence include the adoption of common data management systems, the implementation of best practices for customer relationship management, and the search for economies of scale in logistics, inventories and supplies of spare parts.

#### 1.2.6.6 Business development

This new function was created in 2018 in order to strengthen the organization of the Alliance. It aims to develop breakthrough activities and innovations and coordinate and accelerate the advancement of digitalization and customer experience to maximize opportunities for synergies (development of Alliance Connected Vehicles and Mobility Services, Alliance Ventures, etc.).

### 1.2.7 Strategic cooperations

The Alliance has demonstrated its ability to cooperate with various partners. These strategic cooperations make it possible to increase economies of scale, accelerate growth in new regions, gain access to new technologies, share costs and fund research and development of next-generation vehicles and engines. Existing and potential partners of the Alliance especially appreciate its ability to deepen collaboration over several business cycles.

The Alliance's most significant strategic collaboration is by far the one with the premium manufacturer Daimler. This partnership began in April 2010. This strategic cooperation is strengthened by cross-shareholdings: Daimler holds 3.1% of Renault's and Nissan's share capital, while Renault and Nissan each hold 1.55% of Daimler's share capital.

The partnership is managed by a Cooperation Committee co-chaired by Mr. Carlos Ghosn and Daimler CEO Mr. Dieter Zetsche and made up of senior executives from Renault, Nissan and Daimler. This committee, which meets nearly every month, ensures the implementation of the agreed projects and makes proposals for new ones. No specific areas of potential collaboration are excluded. When teams suggest projects that could benefit all partners, they then launch feasibility studies to determine whether to move forward. If senior executives and Board members of all companies agree, then the project is approved and announced publicly.

#### 1.2.6.7 Talent

This function will ensure that the Alliance is able to identify, attract, develop and retain the best talents, in order to guarantee the best performance for the Alliance. To this end, a shared talent management strategy will be implemented between the Alliance member carmakers.

#### 1.2.6.8 Renault-Nissan-Mitsubishi LCV Business

The aim is to allow Alliance members to extend their leadership in the area of light commercial vehicles by developing sales in key markets, while making the most of the potential offered by the expertise of Renault, Nissan and Mitsubishi Motors. More substantial synergies will thereby be generated, and the optimization of new developments and cross-manufacturing will be promoted.

#### 1.2.6.9 CEO Office

The Alliance's CEO Office has the task of strengthening and deepening cooperation within the Alliance, in order to improve each partner's performance. This division is also responsible for accelerating synergies, promoting the sharing of best practices, encouraging and coordinating convergence as well as identifying new areas with opportunities for convergence.

Cooperation between the Alliance and Daimler has intensified since 2010.

It now covers a number of projects developed on three continents. The projects in which Renault is currently participating include:

- an electric version of smart fortwo and smart forfour was launched in 2017. The new electric engines are being built at the Renault plant in Cléon. The battery of the new smart electric drive is produced by the Daimler subsidiary, "Deutsche ACCUmotive," in Kamenz, Germany;
- the Alliance and Daimler AG are jointly developing a new direct-injection turbocharged small gasoline engine family (1l and 1.3l). The new engines will feature state-of-the-art technology in a compact package and will offer a significant improvement in fuel economy, as well as low emissions. The new engines debuted in Daimler, Renault and Nissan vehicles in late 2017;
- the Mercedes-Benz one-ton pick-up truck, which shares its architecture with the Nissan NP300 NAVARA, and the Renault ALASKAN, are built by Nissan in the Barcelona and Mexico plants; and
- the Q30 and QX30, new high-end compact vehicles sold under the Infiniti brand, which are based on Daimler architecture, have been manufactured since November 2015 at the Nissan plant in Sunderland, UK. Production of the Q30 began in 2015 and that of the QX30 in early 2016.

## 1.2.8 Alliance sales performance & financial indicators

1

### 1.2.8.1 2017 sales of the Alliance as extended

In 2017, the Alliance, - extended to Mitsubishi Motors - rose to become the world leader, with more than 10.6 million vehicles sold worldwide. It has maintained its leadership in the zero-emission vehicle market with cumulative sales of 540,623 electric vehicles since the launch of the Nissan LEAF in 2010.

Sales increased to 6.5% in 2017, the first full year for Mitsubishi Motors as a member of the extended Alliance.

The Alliance brands sold nearly one in nine vehicles worldwide in 2017 (passenger cars and light commercial vehicles).

**Groupe Renault** sales increased by 8.5% to 3,761,634 vehicles in 2017. It was a record year for both Renault, the largest French brand in the world and the second-largest brand in Europe, and Dacia. In the context of its *Drive The Future* plan, Renault aims to continue its growth in 2018 through the development of its international activities and renewed range of vehicles.

In 2017, **Nissan Motor Co. Ltd.** sold 5,816,278 vehicles worldwide, *i.e.*, an increase of 4.6% over 2016. It also unveiled its new six-year strategic plan, Nissan "M.O.V.E. to 2022". Nissan sales rose 1.9% in the United States and 12.2% in China. The Infiniti brand saw its sales increase by 7% compared to 2016, reaching 246,492 vehicles in 2017.

In 2017, **Mitsubishi Motors** sales increased by 10% compared to 2016, reaching 1,030,454 vehicles. The increase in volumes was driven by China - key market for Mitsubishi's "Drive for Growth" plan - where sales increased by 56% over 2016. With 129,160 units sold, China became the largest market for Mitsubishi Motors, thanks to the success of the OUTLANDER, which is manufactured locally. Mitsubishi Motors is also performing well in the ASEAN (Association of Southeast Asian Nations) region, which experienced 17% growth in 2017, thanks to the launch of the XPANDER - an SUV-style MPV - in Indonesia. In Japan, sales rose 7% due to the recovery in demand for the kei-car.

### Zero-emission highlights

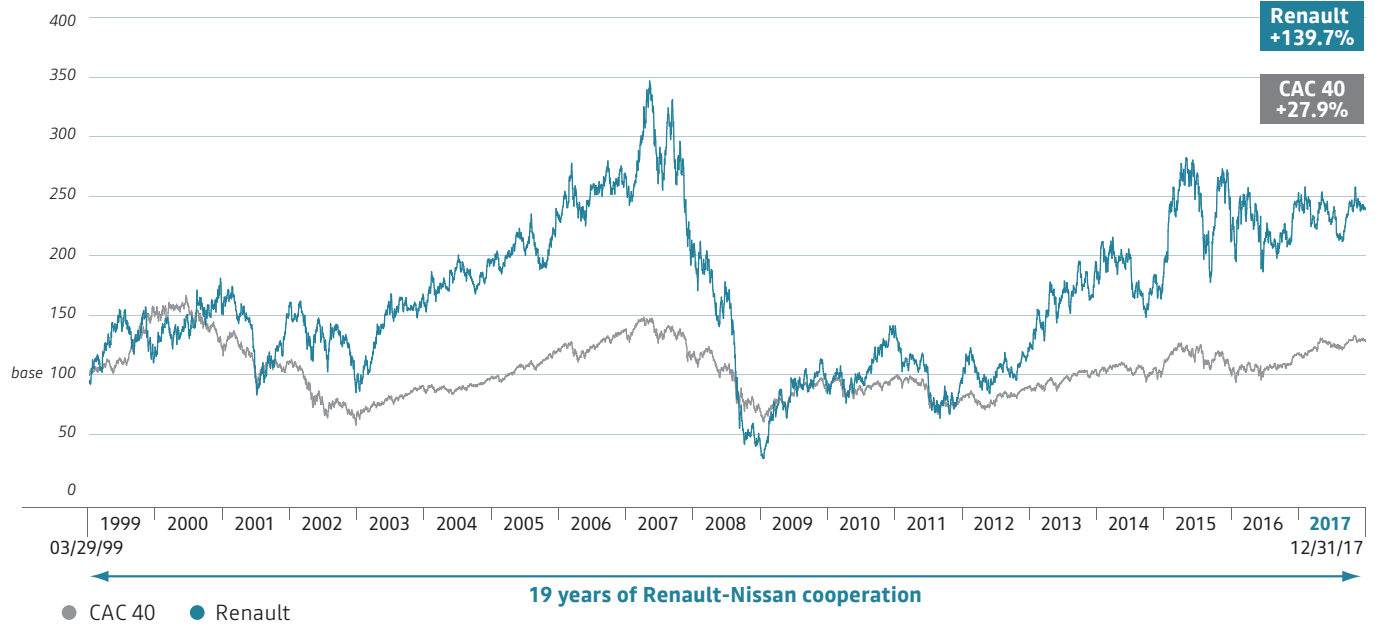
Since the launch of the Nissan LEAF in 2010, the extended Alliance has sold 540,623 electric vehicles. In cumulative sales, the Alliance retains its leadership in 100% electric passenger cars and light commercial vehicles.

#### TOP 10 ALLIANCE MARKETS

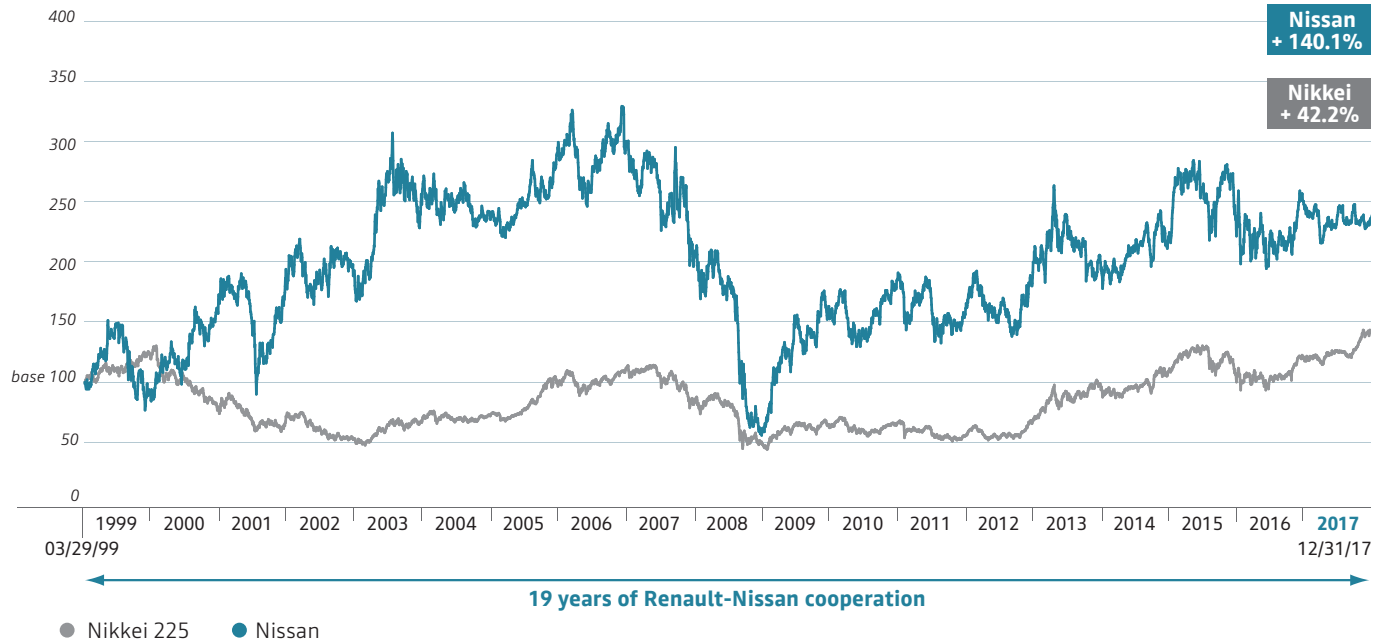
Countries	Sales	Market Share
China	1,719,815	6.2%
United States	1,697,149	9.8%
France	759,598	29.8%
Japan	689,650	13.2%
Russia	578,082	36.1%
Mexico	412,029	27.0%
Germany	349,376	9.4%
United Kingdom	309,172	10.6%
Italy	293,362	13.6%
Brazil	267,835	12.3%

## 1.2.8.2 Renault and Nissan shares evolution since the creation of the Alliance in 1999

### ● RENAULT



### ● NISSAN







**AUTOMOTIVE MANUFACTURERS' STOCK MARKET CAPITALIZATION AS AT MARCH 1999 AND DECEMBER 2017**

(million €)	03/29/1999	Ranking		12/31/2017
Toyota	96,736	1	Toyota	173,997
Daimler	81,541	2	VW	84,149
Ford	59,848	3	Daimler	75,744
GM	52,518	4	BMW	56,385
Honda	39,961	5	Honda	51,718
VW	22,159	6	GM	48,488
BMW	16,277	7	Ford	40,582
Fiat	13,522	8	Nissan	35,123
Nissan	9,049	9	Hyundai	31,546
Renault	8,393	10	Renault	24,814
PSA	6,615	11	FCA	22,963
Hyundai	678	12	PSA	15,341

**1.2.8.3 Value of joint operations**

Total purchases and sales by Renault from Nissan in 2017 amounted to an estimated €4,961 million and €2,400 million respectively (note 12 J of the Renault consolidated financial statements).

**1.2.8.4 Financial information on the Alliance**

(See Section 1.3.2.3.)

**1.2.8.5 Global production sites**



## 1.2.9 Nissan's 2017 results

Nissan's financial statements are prepared pursuant to Japanese accounting standards, which differ from the standards used by Renault. The statements include intermediate operating totals and some Nissan-specific indicators. In order to measure the contribution to Renault's results, Nissan's financial statements are restated, as described in Chapter 4, note 12 to the consolidated financial statements. Nissan's financial year starts on April 1 and ends on March 31, of the following year.

### 1.2.9.1 Nissan 2017 financial year after nine months

Nissan's net income for the nine months ended December 31, 2017 was increased by 39.6% to ¥578.1 billion.

Operating profit reached ¥364.2 billion for the period, representing a 4.3% margin on net revenues of ¥8.53 trillion.

Globally, Nissan sold 4.11 million vehicles in the first nine months of the 2017 financial year, a 2.9% increase compared to last year.

### 1.2.9.2 Nissan's contribution to Renault's consolidated net income

Nissan's contribution to Renault's earnings in 2017 was €2,791 million, compared to €1,741 million in 2016, recorded in the financial statements as a share of the net income of companies accounted for by the equity method (see Chapter 4, note 12 of the consolidated financial statements).

# 1.3 EARNINGS REPORT – 2017

1

## KEY FIGURES

	2017	2016 Restated <sup>(1)</sup>	Change
Worldwide Group registrations <sup>(2)</sup> (million vehicles)	3.76	3.47	+8.5%
Group revenues (€ million)	58,770	51,243	+14.7%
Group operating profit (€ million)	3,854	3,282	+572
(% revenues)	6.6%	6.4%	+0.2 pts
Group operating income (€ million)	3,806	3,283	+523
Contribution from associated companies (€ million)	2,799	1,638	+1,161
o/w Nissan (€ million)	2,791	1,741	+1,050
o/w AVTOVAZ (€ million)	-	(89)	+89
Net income (€ million)	5,210	3,543	+1,667
Net income, Group share (€ million)	5,114	3,419	+1,695
Earnings per share (€)	18.87	12.57	+6.30
Automotive excluding AVTOVAZ operational free cash flow <sup>(3)</sup> (€ million)	883	1,107	-224
Automotive including AVTOVAZ operational free cash flow <sup>(3)</sup> (€ million)	945	NM	NM
Automotive including AVTOVAZ net cash position (€ million)	2,928	2,416	+512
Sales Financing, average performing assets (€ billion)	39.6	33.3	+18.9%

(1) The figures at December 31, 2016 take into account the adjustments to the acquisition price allocation of the AVTOVAZ group (note 3-B) recorded in 2017 and are therefore different from those previously published.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) Automotive operational free cash flow: cash flows (excluding dividends received from publicly listed companies) minus tangible and intangible investments net of disposals +/- change in the working capital requirement. Detailed calculation in section 4.2.6.1.A4 of the condensed consolidated financial statements.

As the acquisition of control, as defined by IFRS 10, over J.V. ARA b.v. and the AVTOVAZ group, took place on December 28, 2016, the net income of J.V. ARA b.v. and the AVTOVAZ group for 2016 is still included by the equity method in Groupe Renault's profit & loss. Only the year-end balance sheet figures at December 31, 2016 for ARA b.v. and the AVTOVAZ group are included in Groupe Renault's consolidated financial position at December 31, 2016. In 2017, the completeness of financial data of the J.V. ARA b.v. and the AVTOVAZ group is fully consolidated by full integration into Groupe Renault's accounts.

## Overview

In 2017, **Groupe Renault** reached a new sales record and remains for the second year in a row the number-one French automotive Group worldwide, with 3.76 million vehicles registered. Volume and market shares were up in all Regions.

In 2017, **Group revenues** came to €58,770 million (+14.7%), including €2,727 million for AVTOVAZ. Excluding the impact of the AVTOVAZ consolidation<sup>(1)</sup>, Group revenues increased by 9.4% to €56,043 million (+10.1% at constant exchange rates).

**Automotive excluding AVTOVAZ revenues** amounted to €53,530 million (+9.3%) mainly due to volume growth (+3.3 points) and to the increase in sales to partners (+2.6 points). The latter reflects the start of production

of Nissan MICRA in France and the positive momentum of our CKD<sup>(2)</sup> activities in Iran and China. The price effect (+1.5 points) benefited mainly from price increases related to the renewal of the range. The other effects (+2.0 points) were partly the result of the positive performance of used vehicle and spare parts activities. The currency impact was negative (-0.7 points), mainly due to the devaluation of the Argentinian peso, the Turkish lira and the British pound.

The **Group's operating margin** amounted to €3,854 million, and represents 6.6% of revenues.

The **Automotive excluding AVTOVAZ operating margin** was up €363 million (+15.2%) to €2,749 million, representing 5.1% of revenues compared to 4.9% in 2016. This performance can be explained mainly by strong business growth (€493 million positive impact) and Monozukuri<sup>(3)</sup> gains (€663 million). The mix/price/enrichment effect did not benefit as much as in 2016 from price increases in emerging markets to offset currency devaluation and became negative (-€230 million). Raw materials had a negative effect of €394 million, reflecting in large part the increase in steel prices. The negative currency impact (-€300 million) was mainly due to the devaluation of the Argentinian peso, the British pound, and the US dollar.

The **operating margin of AVTOVAZ** (non-consolidated in 2016) amounted to €55 million, i.e. 2.0% of its revenues.

(1) AVTOVAZ profit and loss account consolidated by full integration from January 1, 2017.

(2) CKD: Complete Knock Down.

(3) Monozukuri: purchasing performance (excluding raw materials), warranty, R&D expenses, manufacturing and logistics costs.

**Sales Finance** contributed €1,050 million to the Group's operating margin, compared with €896 million in 2016. This 17.1% increase was mainly due to the increase in average performing assets (+18.9%), reflecting the strong sales momentum of RCI Banque.

**Other operating income and expenses** amounted to -€48 million (compared to +€1 million in 2016).

**The Group's operating income** came to €3,806 million, compared to €3,283 million in 2016 (+15.9%).

**Net financial income and expenses** amounted to -€504 million, compared to -€323 million in 2016. This deterioration was mainly due to the consolidation of AVTOVAZ's net financial income and expenses for -€112 million, as well as the negative impact of the value adjustment for redeemable shares (-€120 million compared to -€3 million in 2016).

The **contribution of associated companies**, primarily Nissan, came to €2,799 million, compared to €1,638 million in 2016. Nissan's contribution included a non-recurring income of €1,021 million linked to the tax reform voted at the end of 2017 in the USA and to the sale of its interest in the equipment manufacturer Calsonic Kansei.

**Current and deferred taxes** showed a charge of €891 million.

**Net income** amounted to €5,210 million (+47.1%) and net income, Group share, to €5,114 million (€18.87 per share, compared with €12.57 per share in 2016). Excluding non-recurring items mentioned for Nissan, net income, Group share, would have been €4,093 million (€15.10 per share).

**Automotive operational free cash flow (including AVTOVAZ)** was positive at €945 million after taking into account a positive change in working capital requirements of €550 million and an increase in investments of €359 million.

At December 31, 2017, total inventories (including at the independent network) represented 57 days of sales, compared with 59 days at end-December 2016.

A **dividend** of €3.55 per share, versus €3.15 last year, will be submitted for approval at the next Shareholders' Annual General Meeting.

## Outlook 2018

In 2018, the global market is expected to grow 2.5% vs. 2017. The European market is expected to expand 1%, with an increase of 1% also for France.

At international level, Russia is expected to grow by close to 10%. Brazil, as well as China, are expected to grow by more than 5%, and India by 6%.

Within this context, Groupe Renault is aiming to:

- increase Group revenues (at constant exchange rates and perimeter)<sup>(1)</sup>;
- maintain Group operating margin above 6.0%<sup>(1)</sup>;
- generate a positive Automotive operational free cash flow.

(1) Excluding IFRS 15 impact.

## 1.3.1 Sales performance

### Overview

- In 2017, sales of passenger cars and light commercial vehicles (PC+LCV) by Groupe Renault increased by 8.5%, with 3.76 million vehicles registered in a global automotive market that rose by 2.3%.
- This fifth consecutive year of growth in registrations allowed the Group to set a new sales record. The Group's worldwide market share now stands at 4.0% (+ 0.2 point). This year again, both Renault and Dacia brands have registered record sales. Renault keeps its position as the world's leading French brand.

- In **Europe**, the Group continues to benefit from the still growing European automotive market (+ 3.3%) with a 5.6% increase in registrations to 1.9 million vehicles, corresponding to a market share of 10.8%. Renault remained Europe's second biggest automotive brand and maintained its leadership in the electric vehicle segment with a market share of 23.8%. Registrations of ZOE, Europe's top-selling electric vehicle, rose 44%.
- **Outside Europe**, Groupe Renault's sales were up 11.6% on 2016 against growth of 3.3% on the market as a whole. Volumes and market shares were up in all Regions. In particular, the Group posted a sales increase of 13.6% in the Eurasia region and 17.0% in the Asia-Pacific region.
- In 2017, the number of new financing contracts by RCI Banque was up 13.2% compared to 2016.

## Groupe Renault's Top 15 markets

	Registrations	Ranking 2016	Volume 2017* (in units)	PC + LCV market share 2017 (%)	Change in market share on 2016 (points)
1	France	1	673,852	26.4	-0.4
2	Russia	2	448,270	28.0	+1.1
3	Germany	3	228,046	6.1	+0.6
4	Italy	4	215,901	10.0	+0.6
5	Spain	5	185,760	13.0	+0.0
6	Turkey	6	178,646	18.7	+1.5
7	Brazil	7	167,147	7.7	+0.1
8	Iran	11	162,079	10.8	+2.4
9	United Kingdom	8	115,262	4.0	-0.5
10	Argentina	12	115,243	13.3	-1.2
11	India	9	112,489	3.1	-0.9
12	South Korea	10	100,537	5.7	-0.5
13	Belgium-Luxemburg	13	88,547	12.9	-0.9
14	China	21	72,137	0.3	+0.1
15	Morocco	14	70,536	41.8	+4.0

\* Figures as of end-December 2017 (excluding TWIZY).

### 1.3.1.1. Automotive

#### Worldwide Group registrations by region

Passenger cars and light commercial vehicles (units) <sup>(3)</sup>	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	Change (%)
<b>GROUP</b>	<b>3,761,634</b>	<b>3,468,174</b>	<b>+8.5</b>
<b>EUROPE REGION</b>	<b>1,911,169</b>	<b>1,809,951</b>	<b>+5.6</b>
Renault (incl. Alpine)	1,441,800	1,390,825	+3.7
Dacia	463,712	414,982	+11.7
Lada	5,657	4,144	+36.5
<b>AMERICAS REGION</b>	<b>389,419</b>	<b>354,241</b>	<b>+9.9</b>
Renault	389,205	354,241	+9.9
Lada	214	0	-
<b>ASIA-PACIFIC REGION</b>	<b>195,869</b>	<b>167,403</b>	<b>+17.0</b>
Renault	93,410	54,925	+70.1
Dacia	1,417	1,381	+2.6
Renault Samsung Motors	99,846	111,097	-10.1
Lada	1,196	0	-
<b>AFRICA - MIDDLE EAST - INDIA REGION</b>	<b>532,391</b>	<b>491,301</b>	<b>+8.4</b>
Renault	438,144	414,375	+5.7
Dacia	92,704	76,926	+20.5
Lada	1,543	0	-
<b>EURASIA REGION</b>	<b>732,786</b>	<b>645,278</b>	<b>+13.6</b>
Renault	308,430	273,516	+12.8
Dacia	97,402	90,926	+7.1
Lada	326,954	280,836	+16.4

(1) Preliminary figures.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Bermuda, Colombia, South Korea, Guatemala, Ireland, Lebanon, Morocco, Mexico and Tahiti.

## Europe

In **Europe**, in a market that grew 3.3%, Group registrations rose 5.6% to 1,911,169 vehicles. The Group took a 10.8% share of the European market, up 0.2 points.

The **Renault brand** alone saw sales rise 3.7% for a market share of 8.2%. Renault sales were buoyed in particular by the complete renewal of MEGANE family in 2016, and the launch last June of New KOLEOS. CLIO remains Europe's second best-selling vehicle, while CAPTUR is the number-one crossover in its class.

In the **electric vehicle** segment, Renault maintained its leadership with a market share of 23.8%. Sales volumes increased 38%. Registrations of ZOE, Europe's top-selling electric vehicle, rose 44%.

Even before the launch of New DUSTER at the very start of 2018, the **Dacia brand** set a new European sales record with 463,712 registrations (+11.7%), and market share of 2.6%, a rise of 0.2 points. The rise is linked primarily to the strong results of SANDERO phase 2, launched in late 2016.

## Outside Europe

**Outside Europe**, the Group increased volumes and market share across all Regions.

Group registrations rose 11.6% in a market that grew 3.3%. Sales outside Europe now account for 49.2% of the total.

Groupe Renault consolidated its positions with the success of its new range: Renault KAPTUR, Lada VESTA and Lada XRAY in Russia, KOLEOS in China, MEGANE Sedan in Turkey and DUSTER Oroch and KWID in the Americas.

## Eurasia

In Eurasia, registrations rose 13.6% in a market that grew 7.0%.

The market share of the Group, now including the Lada brand, increased 1.4 points to 24.5%, notably on the back of strong momentum in Russia.

The **Russian** market expanded for the first time in four years, with a rise of 12.2%. The Group increased sales by 16.9% (including Lada). More than one vehicle in every four sold in Russia in 2017 was a Lada or a Renault.

Lada posted a 17.0% rise in sales with market share of 19.5% (+0.8 points) following the successful renewal of its range with, in particular, the models Lada VESTA and Lada XRAY.

The Renault brand claimed record market share of 8.5%, a rise of 0.3 point. KAPTUR posted 30,958 registrations and DUSTER 43,715.

Russia remains the Group's second-biggest market with the consolidation of Lada sales volumes.

In **Turkey**, Renault set a new historic record with sales rising 7.0% (130,276 vehicles) on a market that fell 2.8%. MEGANE Sedan confirmed its success with almost 39,300 registrations. Brand market share rose 1.3 points to 13.6% making Renault the country's number-one brand for both passenger cars and LCV sales.

## Asia-Pacific

In the Asia Pacific region, registrations increased 17.0% in a market that expanded 2.7%.

In **China**, Renault sold over 72,100 vehicles compared with 35,278 in 2016, thus doubling sales volumes in the space of one year. New KOLEOS consolidated its success with over 43,400 registrations.

**Renault Samsung Motors** saw sales fall 10.1% owing to the lack of new models in a fiercely competitive market. This fall follows strong growth in 2016 with the launch of SM6 and QM6.

## Africa-Middle East-India

In Africa - Middle East - India, Group registrations rose 8.4% in a market that expanded 2.0%. Market share rose 0.4 points to 6.6%.

In **Iran**, registrations rose 49.3% for market share of 10.8% (+2.4 points) on the back of the success of TONDAR and SANDERO.

In **India**, Renault continues to rank as the number-one European car brand with market share of 3.1%. Sales fell 14.9% pending the ramp-up of CAPTUR.

In **North Africa**, Group sales rose 5.6% in a market that was down 4.7%. The Group had market share of 42.4%, a rise of 4.1 points, buoyed primarily by results in Algeria, where it posted record market share of 62.8% a rise of 11 points.

## Americas

In the Americas region, sales rose 9.9% in a market that expanded 7.2% for market share of 6.7%, a rise of 0.2 points.

The Group is continuing to reap the full benefits of the recovery of the **Brazilian** market, which grew 9.3%. Sales rose 11.4% for record market share of 7.7% (+0.1 points), buoyed by the good results of the new models, CAPTUR and KWID. Launched in July, KWID has already sold almost 22,600 units.

In **Argentina**, where the market surged 26.4%, the Group posted a 16.3% sales increase, pending the ramp-up of KWID.

## Group registrations by brand and by type

Passenger cars and light commercial vehicles (units) <sup>(3)</sup>	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	Change (%)
<b>GROUP BY BRAND</b>	<b>3,761,634</b>	<b>3,468,174</b>	<b>+8.5</b>
Renault (incl. Alpine)	2,670,989	2,487,882	+7.4
Dacia	655,235	584,215	+12.2
Lada	335,564	284,980	+17.8
Renault Samsung Motors	99,846	111,097	-10.1
<b>BY VEHICLE TYPE</b>			
Passenger cars	3,298,775	3,023,433	+9.1
Light commercial vehicles	462,859	444,741	+4.1

(1) Preliminary figures.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Bermuda, Colombia, South Korea, Guatemala, Ireland, Lebanon, Morocco, Mexico and Tahiti.

Registrations of the **Renault brand** increased by 7.4% compared to 2016, thanks to the success of new models in a context of dynamic markets (European market still increasing, recovery of the Brazilian and Russian markets, and strong market growth in Iran).

With 2,670,989 units sold, the Renault brand accounted for 71% of Group's registrations.

**Dacia** brand's registrations went up by 12.2% to 655,235 units, driven by a strong growth in Europe, linked primarily to the strong results of SANDERO phase 2, launched at end-2016.

**Renault Samsung Motors** saw sales fall 10.1% owing to the lack of new models in a fiercely competitive market. This fall follows strong growth in 2016 with the launch of the SM6 and QM6.

**Lada brand** posted a 17.8% rise in sales thanks to the Russian market recovery and following the successful renewal of its range with, in particular, the models Lada VESTA and Lada XRAY.

### 1.3.1.2 Sales financing<sup>(1)</sup>

#### New financing and services

Benefiting from the strong growth in the world automotive market, RCI Banque once again posted an increase in its sales performance in 2017, reaching a record level of activity in financing and services.

#### RCI Banque financing performance

	2017	2016	Change (%)
<b>Number of financing contracts</b> (thousands)	<b>1,771</b>	<b>1,564</b>	<b>+13.2</b>
• including UV contracts (thousands)	320	276	+15.7
<b>New financing</b> (€ billion)	<b>20.6</b>	<b>17.9</b>	<b>+14.9</b>
<b>Average productive assets</b> (€ billion)	<b>39.6</b>	<b>33.3</b>	<b>+19.0</b>

Building on the dynamic trend in the automotive market and the strong growth in new and used vehicle financing, the services business continued to develop with an increase of 27.5% in volume compared to 2016. The

RCI Banque thus establishes itself as a true strategic partner to the Alliance brands.

With over 1,771,000 contracts financed at end-December 2017, an increase of 13.2% year-on-year, RCI Banque generated €20.6 billion in new financing. This performance was notably driven in particular by growth in the European automotive market, but also by the economic recovery seen in emerging markets (Brazil, Argentina and Russia). We can also note the positive impact of the consolidation of the activity of the Colombian subsidiary, RCI Colombia SA, since February 2017.

The Group's vehicle financing penetration rate stands at 39.6%, up 1.9 point compared to 2016. Excluding Turkey, Russia and India (companies consolidated by the equity method), this rate came to 42.6%, versus 41.0% in 2016.

This good performance is accompanied by the development of the used vehicle financing business, which recorded almost 320,000 contracts financed in 2017, representing an increase of 15.7% compared to the previous year.

In this context, average performing assets (APA) now stand at €39.6 billion, showing a 19.0% increase compared to 2016. Of this amount, €29.9 billion was directly related to the Customers business, up 18.5%.

volume of services sold at the end of 2017 stood at 4.4 million insurance and service contracts, of which 65% were customer and vehicle use-related services.

(1) The Annual Report of RCI Bank and Services can be found at <https://www.rcibs.com/en/finance/activity-and-annual-reports>

## RCI Banque services performance

	2017	2016	Change
Number of services contracts (thousands)	4,355	3,415	+27.5%
<b>Penetration rate on services</b>	<b>119.1%</b>	<b>100.3%</b>	<b>+18.8 pts</b>

## RCI Banque penetration rate on new vehicle registrations

### PENETRATION RATE ON NEW VEHICLE REGISTRATIONS FINANCED BY RCI BANQUE, BY BRAND

	2017 (%)	2016 (%)	Change (points)
Renault	40.1	37.8	+2.3
Dacia	42.8	40.5	+2.2
Renault Samsung Motors	57.4	52.9	+4.5
Nissan	35.3	35.0	+0.4
Infiniti	27.4	27.1	+0.3
Datsun	22.7	18.6	+4.0
<b>RCI Banque</b>	<b>39.6</b>	<b>37.7</b>	<b>+1.9</b>

### PENETRATION RATE ON NEW VEHICLE REGISTRATIONS FINANCED BY RCI BANQUE, BY REGION

	2017 (%)	2016 (%)	Change (points)
Europe	43.3	41.5	+1.9
Americas	38.8	37.7	+1.1
Asia-Pacific	57.4	52.3	+5.0
Africa - Middle East - India	21.8	18.2	+3.7
Eurasia	26.7	24.7	+2.0
<b>RCI Banque</b>	<b>39.6</b>	<b>37.7</b>	<b>+1.9</b>

In 2017, RCI Banque posted growth in its vehicle financing penetration rate across all Regions and Alliance brands.

The **Europe Region** saw an increase of 9.4% in the number of new vehicle financing contracts compared to 2016, with a vehicle financing penetration rate of 43.3%, representing an increase of 1.9 point compared to the previous year.

In a context of market recovery, the **Americas Region** saw a strong increase of 7.2% in its automotive market compared to 2016. Supported by the commercial performance of Argentina and Colombia, the vehicle financing penetration rate in the region was high at 38.8%, up by 1.1 point compared to end-2016.

The **Asia-Pacific Region** (South Korea only) recorded the strongest increase in the penetration rate: reaching 57.4%, up by +5 points compared to 2016. Thus more than half of new vehicles sold by Renault Samsung Motors were financed by RCI Banque, which posted strong commercial performance in the context of a declining automotive market.

Driven by good results at RCI Banque for the Datsun brand in India, the financing penetration rate for the **Africa - Middle East - India Region** was 21.8% in 2017, up by 3.7 points compared to the previous year.

The **Eurasia Region** posted a financing penetration rate up by 2.0 points at 26.7% for 2017. In Russia, in a context of recovering automotive sales,

the financing penetration rate reached 27.5%, up by 0.6 point. In Turkey, the penetration rate amounted to 26.6%, up by 4.5 points, in a declining automotive market.

## International development and new activities

In 2017, RCI Banque continued to capture new markets, supporting the commercial development of the Alliance brands.

After the successful operational launch in 2016, 2017 was marked by the entry of the Colombian subsidiary, RCI Colombia SA, into the consolidation scope in February 2017. In this market, RCI Banque achieved a financing penetration rate of 51.6% with nearly 25,000 financing contracts under management.

In a context of growth in the world automotive market, the share of RCI Banque business outside of Europe accounted for nearly 28% of the number of new vehicle financing contracts.

2017 was marked by the continued development strategy for new mobility services, a market in which RCI Banque aims to become a leading player. After the launch of RCI Mobility, RCI Banque acquired Class & Co, parent company of Yuso, an automated fleet management solution for taxis, private hire cars and delivery services, and Marcel, a private hire car reservation service in Ile-de-France.



This year also saw the relaunch of the sales activity of Karhoo, in which RCI Banque is the majority shareholder. Karhoo brings together taxi and private hire car companies on a single integrated reservation platform, allowing final users to reserve, modify, monitor and pay their trips,

and benefit from a very wide choice of vehicle fleets and services. This approach comes under RCI Bank and Services' ambition to offer customers of Alliance brands, as well as new users, simple, attractive and personalized auto-mobility solutions.

### 1.3.1.3 Registrations and production statistics

#### Groupe Renault worldwide registrations

Passenger cars and light commercial vehicles (units)	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	Change (%)
KWID	124,807	111,688	+11.7
TWINGO	82,287	86,860	-5.3
ZOE	31,932	21,998	+45.2
CLIO	441,087	460,870	-4.3
CAPTUR/QM3	246,220	260,800	-5.6
LOGAN	341,986	337,051	+1.5
SANDERO	501,258	402,622	+24.5
Lada GRANTA	101,340	91,403	+10.9
Lada VESTA	77,905	55,631	+40.0
Lada XRAY	34,446	20,120	+71.2
Lada LARGUS	44,299	40,088	+10.5
Lada 4x4	37,475	35,015	+7.0
MEGANE/SCENIC/MEGANE Sedan	337,841	258,712	+30.6
FLUENCE (incl. Z.E.)/SM3 (incl. Z.E.)/SCALA	14,187	59,662	-76.2
KADJAR	154,898	164,374	-5.8
DUSTER	324,066	329,969	-1.8
KAPTUR/CAPTUR Americas	62,147	15,160	+++
LODGY	43,393	41,026	+5.8
LATITUDE/SM5	7,470	7,044	+6.0
TALISMAN/SM6	83,539	94,871	-11.9
KOLEOS/QM5	76,264	14,690	+++
ESPACE	18,686	27,350	-31.7
SM7	5,932	7,150	-17.0
QM6	27,837	14,126	+97.1
KANGOO (incl. Z.E.)	160,034	150,264	+6.5
DOKKER	90,269	77,286	+16.8
TRAFIC	104,913	99,025	+5.9
MASTER	97,180	94,666	+2.7
OROCH	31,353	28,599	+9.6
ALASKAN	1,754	293	+++
Other (excl. Lada)	14,730	17,038	-13.5
Other Lada	40,099	42,723	-6.1
<b>TOTAL WORLDWIDE GROUP PC + LCV REGISTRATIONS</b>	<b>3,761,634</b>	<b>3,468,174</b>	<b>+ 8.5</b>
TWIZY <sup>(3)</sup>	1,750	2,318	-24.5

(1) Preliminary figures.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Bermuda, Colombia, South Korea, Guatemala, Lebanon, Morocco, Mexico and Tahiti.

## Groupe Renault European registrations

Passenger cars and light commercial vehicles (units)	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	Change (%)
TWINGO	78,280	85,281	-8.2
ZOE	31,302	21,742	+44.0
CLIO	363,788	351,215	+3.6
CAPTUR	213,886	217,460	-1.6
LOGAN	37,916	37,245	+1.8
SANDERO	194,961	168,237	+15.9
MEGANE/SCENIC/MEGANE Sedan	279,198	233,305	+19.7
FLUENCE (incl. Z.E.)	180	3,872	-95.4
KADJAR	113,652	128,576	-11.6
DUSTER	144,944	140,547	+3.1
LODGY	28,764	22,847	+25.9
TALISMAN	32,451	34,202	-5.1
KOLEOS	13,194	122	+++
ESPACE	18,583	27,305	-31.9
KANGOO (incl. Z.E.)	109,398	105,963	+3.2
DOKKER	57,121	46,034	+24.1
TRAFIC	97,858	92,398	+5.9
MASTER	75,688	75,697	0.0
ALASKAN	1,013	-	-
Other (incl. Lada)	18,992	17,903	+6.1
<b>TOTAL EUROPEAN GROUP PC + LCV REGISTRATIONS</b>	<b>1,911,169</b>	<b>1,809,951</b>	<b>+5.6</b>
TWIZY <sup>(3)</sup>	1,683	2,227	-24.4

(1) Preliminary figures.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations, except in Ireland.

## Groupe Renault International registrations

Passenger cars and light commercial vehicles (units)	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	Change (%)
KWID	124,807	111,688	+11.7
TWINGO	4,007	1,579	+153.8
ZOE	630	256	+146.1
CLIO	77,299	109,655	-29.5
CAPTUR/QM3	32,344	43,340	-25.4
LOGAN	304,070	299,806	+1.4
SANDERO	306,297	234,385	+30.7
Lada GRANTA	100,755	90,787	+11.0
Lada VESTA	76,995	55,631	+38.4
Lada X-RAY	34,446	20,120	+71.2
Lada LARGUS	44,299	40,088	+10.5
Lada 4x4	35,013	33,059	+5.9
MEGANE/SCENIC/MEGANE Sedan	58,643	25,407	+130.8
FLUENCE (incl. Z.E.)/SM3 (incl. Z.E.)/SCALA	14,007	55,790	-74.9
KADJAR	41,246	35,798	+15.2
DUSTER	179,122	189,422	-5.4
KAPTUR/CAPTUR Americas	62,147	15,160	+++
LODGY	14,629	18,179	-19.5
LATITUDE/SM5	7,470	7,043	+6.1
TALISMAN/SM6	51,088	60,669	-15.8
KOLEOS/QM5	63,070	14,568	+++
SM7	5,932	7,150	-17.0
QM6	27,837	14,126	+97.1
KANGOO (incl. Z.E.)	50,636	44,301	+14.3
DOKKER	33,148	31,252	+6.1
TRAFIC	7,055	6,627	+6.5
MASTER	21,492	18,969	+13.3
OROCH	31,353	28,599	+9.6
ALASKAN	741	293	+152.9
Other (excl. Lada)	1,498	3,325	-54.9
Other Lada	38,399	41,151	-6.7
<b>TOTAL INTERNATIONAL GROUP PC + LCV REGISTRATIONS</b>	<b>1,850,465</b>	<b>1,658,223</b>	<b>+11.6</b>
TWIZY <sup>(3)</sup>	67	91	-26.4

(1) Preliminary figures.

(2) 2016 Group registrations have been restated to include Lada registrations.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Bermuda, Colombia, South Korea, Guatemala, Lebanon, Morocco, Mexico and Tahiti.

Groupe Renault worldwide production by model<sup>(1)</sup>

Passenger cars and light commercial vehicles (units)	2017 <sup>(2)</sup>	2016 <sup>(3)</sup>	Change (%)
TWIZY	3,367	2,855	+17.9
KWID (Curitiba)	35,576	119	+++
TWINGO	82,638	83,855	-1.5
CLIO	437,114	461,640	-5.3
ZOE	29,671	25,478	+16.5
CAPTUR	249,031	242,915	+2.5
LOGAN	229,213	224,265	+2.2
SANDERO	443,592	342,415	+29.5
LODGY	41,467	37,105	+11.8
MEGANE/SCENIC	276,531	282,842	-2.2
FLUENCE/MEGANE Sedan/SM3	63,487	69,477	-8.6
DUSTER/DUSTER Oroch	314,310	306,539	+2.5
KAPTUR/CAPTUR Americas	67,970	21,999	+++
KADJAR	126,041	140,795	-10.5
Lada GRANTA	98,014	NM	NM
Lada VESTA	83,455	NM	NM
Lada X-RAY	34,087	NM	NM
Lada LARGUS	47,734	NM	NM
Lada 4x4	39,465	NM	NM
LATITUDE/SM5	7,071	5,131	+37.8
TALISMAN/SM6	78,075	107,221	-27.2
KOLEOS/QM5/QM6	72,049	23,187	+210.7
ESPACE	18,206	26,395	-31.0
SM7	6,323	6,791	-6.9
KANGOO	166,898	159,786	+4.5
DOKKER	91,881	80,783	+13.7
TRAFIC (incl. GM, Nissan, Fiat)	135,367	121,655	+11.3
MASTER (incl. GM, Nissan et RVI)	139,126	142,086	-2.1
OROCH	31,947	32,544	-1.8
Alpine	116	30	+++
Other	379,250	226,801	+67.2
<b>GROUP GLOBAL PRODUCTION</b>	<b>3,829,072</b>	<b>3,174,709</b>	<b>NM</b>
<b>o/w produced for partners:</b>			
GM	21,834	28,251	-22.7
Nissan	282,262	164,401	+71.7
Daimler	76,228	75,382	+1.1
Renault Trucks	12,971	12,625	+2.7
Fiat	17,930	12,525	+43.2

Produced by partners for Renault	2017 <sup>(2)</sup>	2016	Change (%)
KWID (India – Nissan)	105,788	115,223	-8.2
DUSTER (India – Nissan)	15,469	20,592	-24.9
KADJAR (China – DRAC)	26,589	25,450	+4.5
KOLEOS (China – DRAC)	48,122	7,538	+++
LOGAN (Iran)	107,771	109,610	-1.7
SANDERO (Iran)	52,510	58,228	-9.8
ALASKAN (Mexico & Spain – Nissan)	3,811	-	-
Other (Nissan, DRAC, Pars Khodro, Iran Khodro)	7,244	7,002	+3.5

(1) Production data concern the number of vehicles leaving the production line.

(2) 2017: preliminary figures.

(3) In 2016: Group production does not include Lada models and the production of Renault's vehicles by AVTOVAZ is included in the production by partners for Renault. In 2017, AVTOVAZ production is included in Groupe Renault's production.

## Geographical organization of Groupe Renault by Region – Countries in each Region

Europe	Americas	Asia-Pacific	Africa - Middle East - India	Eurasia
Albania	<b>Argentina</b>	Australia	Algeria	Armenia
Austria	Bolivia	Brunei	Egypt	Azerbaijan
Baltic States	<b>Brazil</b>	Cambodia	French Guiana	Belarus
<b>Belgium-Luxembourg</b>	Chile	<b>China</b>	Guadeloupe	Bulgaria
Bosnia	Colombia	Hong Kong	Gulf States	Georgia
Croatia	Costa Rica	Indonesia	<b>India</b>	Kazakhstan
Cyprus	Dominican Republic	Japan	<b>Iran</b>	Kyrgyzstan
Czech Republic	Ecuador	Laos	Iraq	Moldova
Denmark	El Salvador	Malaysia	Israel	Romania
Finland	Honduras	New Caledonia	Jordan	<b>Russia</b>
<b>France (metropolitan)</b>	Mexico	New Zealand	Lebanon	Tajikistan
<b>Germany</b>	Nicaragua	Philippines	Libya	<b>Turkey</b>
Greece	Panama	Singapore	Madagascar	Turkmenistan
Hungary	Paraguay	<b>South Korea</b>	Martinique	Ukraine
Iceland	Peru	Tahiti	<b>Morocco</b>	Uzbekistan
Ireland	Uruguay	Thailand	Pakistan	
<b>Italy</b>	Venezuela	Vietnam	La Reunion	
Macedonia			Saint Martin	
Malta			Saudi Arabia	
Montenegro			South Africa	
Netherlands			Sub Saharian African countries	
Norway			Tunisia	
Poland				
Portugal				
Serbia				
Slovakia				
Slovenia				
<b>Spain</b>				
Sweden				
Switzerland				
<b>United Kingdom</b>				

Group Top 15 markets in bold.

## 1.3.2 Financial results

### Summary

(€ million)	2017	2016 restated*	Change
Group revenues	58,770	51,243	+14.7%
Operating profit	3,854	3,282	+572
Operating income	3,806	3,283	+523
Net financial income and expenses	(504)	(323)	-181
Contribution from associated companies	2,799	1,638	+1,161
<i>o/w Nissan</i>	2,791	1,741	+1,050
Net income	5,210	3,543	+1,667
Automotive excluding AVTOVAZ operational free cash flow	883	1,107	-224
Automotive including AVTOVAZ operational free cash flow	945	NM	NM
Automotive including AVTOVAZ net cash position	2,928	2,416	+512
Shareholders' equity	33,442	30,924	+2,518

\* The figures at December 31, 2016 take into account the adjustments to the acquisition price allocation of the AVTOVAZ group (note 3-B) recorded in 2017 and are therefore different from those previously published.

### 1.3.2.1 Comments on the financial results

#### Consolidated income statement

##### OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

(€ million)	2017					2016				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Automotive excl. AVTOVAZ	11,939	15,056	10,974	15,561	53,530	9,942	14,136	9,989	14,928	48,995
AVTOVAZ	569	722	634	802	2,727	NM	NM	NM	NM	NM
Sales Financing	621	630	610	652	2,513	547	560	557	584	2,248
<b>TOTAL</b>	<b>13,129</b>	<b>16,408</b>	<b>12,218</b>	<b>17,015</b>	<b>58,770</b>	<b>10,489</b>	<b>14,696</b>	<b>10,546</b>	<b>15,512</b>	<b>51,243</b>

(%)	Change				
	Q1	Q2	Q3	Q4	Year
Automotive excl. AVTOVAZ	20.1%	6.5%	9.9%	4.2%	9.3%
AVTOVAZ	NM	NM	NM	NM	NM
Sales Financing	13.5%	12.5%	9.5%	11.6%	11.8%
<b>TOTAL</b>	<b>25.2%</b>	<b>11.6%</b>	<b>15.9%</b>	<b>9.7%</b>	<b>14.7%</b>

The **Automotive excluding AVTOVAZ contribution** to revenues amounted to €53,530 million, an increase on 2016 (+ 9.3%). This increase is mainly due to:

- a volume effect of 3.3 points. In 2017, Groupe Renault gained market share in all Regions thanks to its renewed and expanded range, in a context of dynamic automotive markets (good performance in Europe, rebound of the Russian and Brazilian markets, etc.);
- a positive price effect of 1.5 points, resulting from the impact of new models and price increases in some emerging countries to offset the devaluation of currencies (in Turkey and Argentina, for example);

- a growth in sales to partners had a favorable impact of 2.6 points, mainly thanks to the start-up of Nissan Micra's production in France and a significant rise in CKD (complete knock down) activity in Iran and China;
- a favorable product mix effect of 0.7 points, largely due to the launch of vehicles in the higher market segments (the KOLEOS, CAPTUR, SCENIC);
- other effects of 2.0 points were mainly due to the good performance of spare parts and used vehicles.

These positive factors offset the negative currency impact by 0.7 points, mainly due to the decline in the Argentine peso, the Turkish pound and the British pound.

**OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING PROFIT**

(€ million)	2017	2016	Change
<b>Automotive excl. AVTOVAZ</b>	<b>2,749</b>	<b>2,386</b>	<b>+363</b>
% of division revenues	5.1%	4.9%	+0.2 pts
<b>AVTOVAZ</b>	<b>55</b>	<b>NM</b>	<b>NM</b>
% of AVTOVAZ revenues	2.0%	NM	NM
<b>Sales Financing</b>	<b>1,050</b>	<b>896</b>	<b>+154</b>
<b>TOTAL</b>	<b>3,854</b>	<b>3,282</b>	<b>+572</b>
% of Group revenues	6.6%	6.4%	+0.2 pts

The **Automotive excluding AVTOVAZ operating margin** rose by €363 million to €2,749 million (5.1% of revenues), owing mainly to:

- business growth (€493 million);
- improving efforts to reduce costs by €663 million, thanks to the good performance of purchasing (excluding raw materials). R&D spending continues to increase to meet the technological and regulatory challenges of tomorrow.

These positive effects offset:

- a negative mix/price/enrichment effect for €230 million, particularly because the Group is no longer taking as much advantage as in 2016 of price increases in emerging countries to compensate for currency devaluation;
- a €394 million significant tailwind from raw materials largely reflecting rising steel prices;
- a negative currency impact at -€300 million, reflecting firstly the depreciation of the Argentinean peso, British pound and the US dollar;
- the Company's G&A increasing by €125 million in line with the strong development of the business (especially internationally) and the Company's digitalization projects.

The **operating margin of AVTOVAZ** (non-consolidated in 2016) amounted to €55 million, i.e. 2.0% of its revenues.

**Sales Financing** contributed €1,050 million to the Group's operating margin, compared with €896 million in 2016. This 17.1% increase is mainly

due to the increase in average performing assets (+18.9%), reflecting the strong sales momentum of RCI Banque.

**Other operating income and expenses** amounted to -€48 million (compared to +€1 million in 2016).

The **Group's operating income** came to €3,806 million, compared to €3,283 million in 2016 (+15.9%).

**Net financial income and expenses** amounted to -€504 million, compared to -€323 million in 2016. This deterioration is mainly due to the consolidation of AVTOVAZ's net financial income and expenses for -€112 million, as well as the negative impact of the value adjustment for redeemable shares (-€120 million compared to -€3 million in 2016).

The **contribution of associated companies**, primarily Nissan, came to €2,799 million, compared to €1,638 million in 2016. Nissan's contribution includes a non-recurring income of €1,021 million linked to the tax reform voted at the end of 2017 in the USA and to the sale of its interest in the equipment manufacturer Calsonic Kansei.

**Current and deferred taxes** showed a charge of €891 million.

**Net income** amounted to €5,210 million (+47.1%) and net income, Group share, to €5,114 million (€18.87 per share, compared with €12.57 per share in 2016).

Excluding non-recurring items mentioned for Nissan, net income, Group share, would have been €4,093 million (€15.10 per share).

**Automotive operational free cash flow****AUTOMOTIVE OPERATIONAL FREE CASH FLOW**

(€ million)	2017	2016	Change
Cash flow (excluding dividends received from publicly listed companies)	4,327	4,362	-35
Change in the working capital requirement	447	356	+91
Tangible and intangible investments net of disposals	(3,362)	(3,047)	-315
Leased vehicles and batteries	(529)	(564)	+35
<b>Operational free cash flow excluding AVTOVAZ</b>	<b>883</b>	<b>1,107</b>	<b>-224</b>
<b>Operational free cash flow of AVTOVAZ</b>	<b>62</b>	<b>NM</b>	<b>NM</b>
<b>Operational free cash flow including AVTOVAZ</b>	<b>945</b>	<b>NM</b>	<b>NM</b>

In 2017, the **Automotive including AVTOVAZ** segment reported positive **operational free cash flow** of €945 million, of which €62 million of AVTOVAZ operational free cash flow. Excluding AVTOVAZ, the change results from:

- cash flow (excluding dividends received from publicly listed companies) of €4,327 million (-€35 million compared with 2016, largely related to the increase in taxes disbursed in 2017 compared to 2016);

- a positive change in the working capital requirement of €447 million, despite a rise in inventories;
- property, plant and equipment and intangible investments net of disposals of €3,362 million, an increase of €315 million compared with 2016.

## RESEARCH AND DEVELOPMENT EXPENSES

Analysis of Research and Development costs:

(€ million)	2017	2016	Change
R&D expenses	(2,958)	(2,530)	-428
Capitalized development expenses	1,193	903	+290
% of R&D expenses	40.3%	35.7%	+4.6 pts
Amortization	(803)	(743)	-60
<b>Gross R&amp;D expenses recorded in the income statement excl. AVTOVAZ</b>	<b>(2,568)</b>	<b>(2,370)</b>	<b>-198</b>
<b>Gross R&amp;D expenses recorded in the income statement for AVTOVAZ</b>	<b>(22)</b>	<b>NM</b>	<b>NM</b>
<b>Gross R&amp;D expenses recorded in the income statement incl. AVTOVAZ</b>	<b>(2,590)</b>	<b>(2,370)</b>	<b>-220</b>

The capitalization rate excluding AVTOVAZ increased from 35.7% in 2016 to 40.3% in 2017 in connection with the progress of projects.

## TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS BY OPERATING SEGMENT

(€ million)	2017	2016
Tangible investments (excluding leased vehicles and batteries)	2,221	2,037
Intangible investments	1,285	1,054
<i>o/w capitalized R&amp;D</i>	1,193	903
Total acquisitions	3,506	3,091
Disposal gains	(144)	(44)
<b>TOTAL AUTOMOTIVE EXCL. AVTOVAZ</b>	<b>3,362</b>	<b>3,047</b>
<b>TOTAL AVTOVAZ</b>	<b>79</b>	<b>NM</b>
<b>TOTAL SALES FINANCING</b>	<b>7</b>	<b>6</b>
<b>TOTAL GROUP</b>	<b>3,448</b>	<b>3,053</b>

Total gross capital expenditure rose in 2017 compared with 2016; the breakdown was 60% in Europe and 40% in the rest of the world.

- **In Europe**, capital expenditure focused on the renewal of the A and B range (New CAPTUR and CLIO Family), the launch of Alpine A110 and the adaptation of industrial facilities to changes in engine demand. A significant effort was also made to boost the competitiveness and

flexibility of European plants. Lastly, significant investment programs were committed to support the Company's digital transformation, increase engineering efficiency.

- **Outside Europe**, investments targeted mainly the Global Access range (CAPTUR in India, New DUSTER in Romania, KWID and KANGOO in South America), and the renewal of the powertrain range in Brazil.



**NET CAPEX AND R&D EXPENSES**

(€ million)	2017	2016
Tangible and intangible investments net of disposals (excl. capitalized leased vehicles and batteries)	3,369	3,053
Capitalized development expenses	(1,193)	(903)
Capex invoice to third parties and others	(200)	(226)
<b>Net industrial and commercial investments excl. AVTOVAZ (1)</b>	<b>1,976</b>	<b>1,924</b>
% of Group revenues excl. AVTOVAZ	3.5%	3.8%
<b>R&amp;D expenses excl. AVTOVAZ</b>	<b>2,958</b>	<b>2,530</b>
<i>o/w billed to third parties</i>	<i>(373)</i>	<i>(246)</i>
<b>Net R&amp;D expenses excl. AVTOVAZ (2)</b>	<b>2,585</b>	<b>2,284</b>
% of Group revenues excl. AVTOVAZ	4.6%	4.5%
<b>Net CAPEX and R&amp;D expenses excl. AVTOVAZ (1) + (2)</b>	<b>4,561</b>	<b>4,208</b>
% of Group revenues excl. AVTOVAZ	8.1%	8.2%
<b>Net CAPEX and R&amp;D expenses incl. AVTOVAZ</b>	<b>4,648</b>	<b>NM</b>
% of Group revenues incl. AVTOVAZ	7.9%	NM

Net Capital expenditure and R&D expenses amounted to 7.9% of Group revenue, compared with 8.2% in 2016. This percentage is in line with the Group Plan objective to remain below 9% of revenues.

**Automotive net cash position at December 31, 2017****CHANGE IN AUTOMOTIVE NET CASH POSITION (€ MILLION)**

NET CASH POSITION AT DECEMBER 31, 2016 (PUBLISHED)	+2,720
<i>Adjustments to the acquisition price allocation of AVTOVAZ</i>	<i>(304)</i>
NET CASH POSITION AT DECEMBER 31, 2016 (RESTATED)	+2,416
Operational free cash flow for 2017	+945
Dividends received	+761
Dividends paid to Renault's shareholders	(916)
Financial investments and others	(278)
<b>NET CASH POSITION AT DECEMBER 31, 2017</b>	<b>+2,928</b>

The €512 million increase in the **net cash position of the Automotive segment** compared with December 31, 2016 restated is due to:

- operational free cash flow;
- net dividends;
- various elements (treasury stocks purchase, equity investment).

**AUTOMOTIVE NET CASH POSITION**

(€ million)	Dec. 31, 2017	Dec. 31, 2016 Restated*
Non-current financial liabilities	(5,388)	(4,929)
Current financial liabilities	(4,761)	(6,049)
Non-current financial assets – other securities, loans and derivatives on financial operations	+89	+109
Current financial assets	+1,143	+1,188
Cash and cash equivalents	+11,845	+12,097
<b>NET CASH POSITION</b>	<b>+2,928</b>	<b>+2,416</b>

\* The figures at December 31, 2016 take into account the adjustments to the acquisition price allocation of the AVTOVAZ group (note 3-B) recorded in 2017 and therefore differ from those previously published.

During 2017, **Renault** issued two Eurobonds of €750 million each (maturity six and eight years) via its EMTN program and a private placement of Yen7 billion with maturity of three years. Renault also issued a Samurai for a nominal amount of ¥90 billion via its Shelf registration program, comprising two tranches, one for ¥63.4 billion with a three-year maturity and the other for ¥26.6 billion with a five-year maturity.

The Automotive segment's liquidity reserves stood at €15.2 billion at December 31, 2017. These reserves consisted of:

- €11.8 billion in cash and cash equivalents;
- €3.4 billion in undrawn confirmed credit lines.

At December 31, 2017, RCI Banque's liquidity reserve stood at €10.2 billion, consisting of:

- €4.4 billion in undrawn confirmed credit lines;
- €3.6 billion in central-bank eligible collateral;
- €1.8 billion in high-quality liquid assets (HQLA);
- €0.4 billion in available case

### 1.3.2.3 Financial Information on the Alliance

The purpose of the financial data in this section is twofold: to broadly quantify the economic significance of the Renault-Nissan Alliance through key performance indicators, and to make it easier to compare the assets and liabilities of the two groups. The data of both groups comply with the accounting standards applied by Renault in 2017.

The characteristics of the Alliance mean, among other things, that Renault and Nissan's assets and liabilities cannot be combined. Consequently, these indicators do not correspond to a consolidation as defined by generally accepted accounting principles and are not certified by the statutory auditors.

Information concerning Renault is based on the consolidated figures released at December 31, 2017, while the information concerning Nissan is based on the restated consolidated figures prepared for the purposes of the Renault consolidation, covering the period from January 1 to December 31, 2017 whereas Nissan's financial year-end is March 31.

### Key performance indicators

The preparation of the key performance indicators under Renault accounting policies takes into account the restatement of the figures published by Nissan under Japanese Accounting Standards into IFRS. Additionally, the following adjustments have been performed:

- reclassifications when necessary to harmonize the presentation of the main income statement items;
- adjustments to fair value applied by Renault for acquisitions of 1999 and 2002.

## REVENUES 2017

(€ million)	Renault	Nissan*	Intercompany eliminations	Alliance
Sales of goods and services of the Automotive segment	56,257	84,939	(6,402)	134,794
Sales Financing revenues	2,513	8,772	(137)	11,148
<b>REVENUES</b>	<b>58,770</b>	<b>93,711</b>	<b>(6,539)</b>	<b>145,942</b>

\* Converted at the average exchange rate for 2017: EUR 1 = JPY 126.7.

The Alliance's intercompany business mainly consists of commercial transactions between Renault and Nissan. These items have been eliminated to prepare the revenue indicator. Their value is estimated on the basis of Renault's 2017 results.

The **operating margin, the operating income and the net income** of the Alliance in 2017 are as follows:

(€ million)	Operating margin	Operating income	Net income <sup>(1)</sup>
Renault	3,854	3,806	2,419
Nissan <sup>(2)</sup>	4,478	5,048	6,588 <sup>(3)</sup>
<b>ALLIANCE</b>	<b>8,332</b>	<b>8,854</b>	<b>9,007</b>

(1) Renault's net income is adjusted to exclude Nissan's contribution and Nissan's net income is similarly adjusted to exclude Renault's contribution.

(2) Converted at the average exchange rate for 2017: EUR 1 = JPY 126.7.

(3) Nissan's net income includes €1,770 million related to the impact of the US tax reform and €620 million of gain on Calsonic Kasei's shares disposal (net of tax).

Intercompany transactions impacting the indicators are minor and have therefore not been eliminated.

For the Alliance, the operating margin is equivalent to 5.7% of revenues.

In 2017, the Alliance's Research and Development expenses, after capitalization and amortization, are as follows:

(€ million)

Renault	2,590
Nissan*	2,951
<b>ALLIANCE</b>	<b>5,541</b>

\* Converted at the average exchange rate for 2017: EUR 1 = JPY 126.7.

## Balance sheet indicators

### Condensed Renault and Nissan balance sheets

#### RENAULT AT DECEMBER 31, 2017

Assets (€ million)		Shareholders' equity and liabilities (€ million)	
Intangible assets	5,240	Shareholders' equity	33,442
Property, plant and equipment	13,582	Deferred tax liabilities	180
Investments in associates (excluding Alliance)	676	Provisions for pension and other long-term employee benefit obligations	1,635
Deferred tax assets	971	Financial liabilities of the Automotive segment	9,180
Inventories	6,328	Financial liabilities and debts of the Sales Financing segment	41,408
Sales financing receivables	39,334	Other liabilities	24,098
Automotive receivables	1,753		
Other assets	8,867		
Cash and cash equivalents	14,057		
<b>TOTAL ASSETS EXCLUDING INVESTMENT IN NISSAN</b>	<b>90,808</b>		
Investment in Nissan	19,135		
<b>TOTAL ASSETS</b>	<b>109,943</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>109,943</b>

#### NISSAN AT DECEMBER 31, 2017

Assets (€ million) <sup>(1)</sup>		Shareholders' equity and liabilities	
Intangible assets	6,051	Shareholders' equity	47,165
Property, plant and equipment	41,954	Deferred tax liabilities	4,330
Investments in associates (excluding Alliance)	5,967	Provisions for pension and other long-term employee benefit obligations	2,714
Deferred tax assets	1,494	Financial liabilities of the Automotive segment <sup>(2)</sup>	(909)
Inventories	12,618	Financial liabilities and debts of the Sales Financing segment	66,980
Sales financing receivables	58,340	Other liabilities <sup>(3)</sup>	32,352
Automotive receivables	3,849		
Other assets <sup>(3)</sup>	10,694		
Cash and cash equivalents	9,296		
<b>TOTAL ASSETS EXCLUDING INVESTMENT IN RENAULT</b>	<b>150,263</b>		
Investment in Renault	2,369		
<b>TOTAL ASSETS</b>	<b>152,632</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>152,632</b>

(1) Converted at the closing rate at December 31, 2017: EUR 1 = JPY 135.

(2) The financial liabilities of the Automotive segment represent the amount after deducting internal loans receivable to the Sales Financing segment (€7,185 million at December 31, 2017).

(3) Following announcement by Nissan on August 8, 2017 of the execution of a tender agreement to tender its shareholding in AESC, all current and non-current assets and liabilities are combined with Other assets and Other liabilities.

The values displayed for Nissan assets and liabilities reflect the restatements for the harmonization of accounting standards and adjustments to fair value applied by Renault for the acquisitions made in 1999 and 2002, mainly concerning revaluation of land, capitalization of development expenses, and pension-related provisions.

Balance sheet items have been reclassified when necessary to make the data consistent across both groups.

**Purchases of property, plant and equipment** by both Alliance groups for 2017, excluding leased vehicles and batteries, amount to:

(€ million)

Renault	2,290
Nissan*	3,207
<b>ALLIANCE</b>	<b>5,497</b>

\* Converted at the average exchange rate for 2017: EUR 1 = JPY 126.7.

Based on the best available information, Renault estimates that the impact of full consolidation of Nissan on its shareholders' equity calculated under current accounting policies would result in:

- a maximum 5-10% decrease in shareholders' equity – Group share;
- a €27.6 billion increase in shareholders' equity – non-controlling interests' share.

## 1.4 RESEARCH AND DEVELOPMENT

1

	2017	2016	2015	2014	2013
Net R&D expenses (€ million) <sup>(1)</sup>	2,585 <sup>(2)</sup>	2,284	1,990	1,636	1,516
Group revenues (€ million) as published	58,770	51,243	45,327	41,055	40,932
R&D spend ratio <sup>(2)</sup>	4.60%	4.50%	4.40%	3.90%	3.70%
R&D headcount, Groupe Renault <sup>(2)</sup>	19,721	18,120	16,605	16,308	16,426
Groupe Renault patents	683	565	479	608	620
• of which co-owned Renault and Nissan	235				
• of which AVTOVAZ	33				

(1) = R&D expenses – R&D expenses billed to third parties and others.

(2) Value excl. AVTOVAZ.

### 1.4.1 The car of the future

The automotive industry is experiencing a revolution, and the car of the future will be electric, connected and autonomous. This implies developing technologies and processes, finding partnerships and operating choices. To meet these challenges, Groupe Renault is adapting by innovating, by collaborating with new players, and by defining new working methods.

#### Research into connected vehicles

Vehicles are increasingly connected to the world around them. A major hurdle was cleared this year with the marketing of the first vehicles from the SCOOP research project in October. This major project, with European Community aid, is supported by the French Ministry of Transport and the Environment, and involves several partners including Renault, PSA and SANEF. This project aims to demonstrate communications' technology between vehicles and also between vehicles and roadside infrastructure, to relay road safety alert messages. Several road sections have been equipped in the Paris area and Brittany.

Several lines of research focus on this connected vehicle theme, and their aim is to develop intelligent systems that, for example, allow driver preferences and emotions to be taken into account when making suggestions concerning the route or environment, or allow drivers to participate in the extended perception of autonomous vehicle through giving information about the environment.

#### Research into autonomous vehicles

At the Mobile World Congress in Barcelona in February 2017, the Renault-Nissan Alliance announced the signing of a new partnership with Transdev, one of the world's leading mobility companies, for the joint development of an autonomous electric vehicles fleet system for the mobility of the future (public transport and transport on demand).

The two companies will collaborate to design a complete and modular transportation system that will allow customers to book their journeys and operators to operate and manage a fleet of autonomous vehicles.

The research will initially focus on field tests at Paris-Saclay with Renault ZOE, the best-selling electric vehicle in Europe, and Transdev's on-demand dispatch, supervision and routing platform.

## Research into electric vehicles (EVs)

As Europe's leader in the electric vehicle market, the goal for Groupe Renault is to continually improve the performance and competitiveness of its electric vehicles and remain Number one. Three areas of research are currently being explored:

- **increasing battery range:** technology in this area is advancing at a rapid rate. The marketing of the new ZOE at the end of 2016 with its 400km<sup>(1)</sup> range and the Renault Medium-Term Plan, with its projected range of greater than 600km<sup>(1)</sup> in 2022, are examples of this. Research will not, however, stop there and the real objective is to further increase battery capacity, both to increase range and/or reduce the volume of space occupied;
- **making EV technology more competitive:** this involves both reducing the cost of batteries and reducing the cost of electronic power components, which will not only be less expensive but also less bulky, while still performing better. The Renault Medium-Term Plan, with its projected reduction of 30% to the cost of batteries and 20% to the cost of electronic power components, is an example of this;
- **developing technologies to make battery charging easier and more efficient:** the improvement of battery chargeability and the development/standardization of so-called "fast" chargers will be key for the electric vehicles of the future. Research is also being carried out on inductive charging (static and dynamic) and robotic charging, which could allow users to recharge their EV batteries without having to connect an electric cable to a charger.

## Customer satisfaction plan: from reliability to customer satisfaction

In early 2014, Groupe Renault launched a Customer Satisfaction Plan (CSP) which broke with the previous quality initiative.

This robust action plan aims to put Renault in the Top 3 companies for "customer satisfaction" across all its main markets. Seven key breakthroughs have driven the progress of this plan over the last three years:

- the first three involve product design and manufacture:
  - **compliance:** guaranteeing compliance with industry standards across all activities,
  - **perceived quality:** designing and manufacturing attractive and well-finished vehicles,
  - **durability:** designing and manufacturing faultless vehicles that are able to stand the test of time;

- three other priorities target customer satisfaction when in contact with the brand:
  - **service quality:** offering a simple, personalized service (Easy & Personal) that fulfills customer expectations during the sales and after-sales experience,
  - **fulfilling customers' expectations:** ensuring that we offer vehicles and services that match customers' expectations,
  - **reactivity:** reacting quickly to customers' issues;
- the seventh priority is group-wide: it relates to **communication**. This involves telling employees, customers and opinion leaders about the progress that has been made so that they in turn, can become ambassadors of Renault's desire to become an industry leader in customer satisfaction.

### 1.4.1.1 Partnerships

Reinventing the automobile for the twenty-first century: a low-energy consumption vehicle, considerably lighter weight, connected and able to substitute in all or part for driver activities; this is a challenge that can only be met collectively. For Renault, collaborative R&D agreements contribute to accelerating the development of the technologies required to meet these challenges, and also to developing skills and cost-sharing. Such contracts are key to speeding up the introduction of innovations into vehicle projects:

Figures at end-October 2017:

Collaborative contracts signed: 93		CIFRE agreements: 86
European contracts: 49	French contracts: 44	

In parallel, eight other projects (one European project & seven French projects) are currently underway or being examined by sponsors.

(1) NEDC.

Here are a few examples from the 2017 portfolio of projects:

France/Europe	Business activity	Topic	Name of Project	Description of Project	Sponsor	Financing programs
EUROPE	Battery	Recycling	ELSA	Energy Local Storage Advance systems. Use of second-life batteries.		H2020-LCE-08-2014
		Hybrid engine	ECOCHAMPS	European Competitiveness in Commercial Hybrid and AutoMotive Powertrains; Efficient, compact, light, robust hybrid engine, competitive cost for passenger cars and utility vehicles (5 demo models).		H2020
		Internal combustion engine	GAS'on	Gas-Only internal combustion engines. Development of a dedicated natural gas engine with the aim of improving the efficiency and CO2 gain of an engine dedicated to natural gas application and development of the associated post-treatment system.	EC	H2020-GV-3-2014
	Powertrain	Internal combustion engine	REWARD	REal World Advanced Technologies foR diesel Engines; Investigation of the best architecture solutions for post-Euro6c diesel engines (Air+EGR system).		H2020
	New mobility	Connectivity	SCOOP II	French Pilot Cooperative System – V2X – autonomous vehicle preparation. Testing on 3,000 "Vehicle to Vehicle" and "Vehicle to Infrastructure" connectivity vehicles.		CEF
FRANCE		Autonomous vehicle	L3PILOT	Development of a level 3 autonomous vehicle with demo model.		H2020-ART-02-2016
	Electronics	Electronics	EFFIC-AC	Development of new air conditioning solutions to reduce their impact on vehicle consumption by 25% with development of components and a system simulation platform.		PIA2 Road Vehicles and Mobility of the Future
	Materials	Weight Reduction	ALLEGRIA	Economic weight reduction through the use of aluminum. Development and validation of economical aluminum-based weight reduction solutions.		PIA Vehicle of the Future program
	Powertrain	Electric engine	COCTEL	Development of a hybrid drivetrain.	ADEME	
	New mobility	Autonomous vehicle	EVAPS	"Driverless Mobility Services" development and testing in dedicated areas (Paris-Saclay) with electric vehicles (ZOE, shuttles).		PIA2 Road Vehicles and Mobility of the Future
	Process	Plant of the future	HPP HIGH PRESSURE PULSE	Development of welding systems, Crimping, Magnetic molding and Electro-hydraulic molding between steel and aluminum.		

## Research agreements with the Atomic Energy Commission (CEA)

An initial Research and Development Agreement on clean vehicles and sustainable mobility for all was signed with the CEA in 2010. The positive results of the various strategic agreements that followed have led Renault and the CEA to continue and strengthen their R&D cooperation. The latest strategic agreement signed on April 18, 2014, for a duration of five years from January 1, 2015, covers the scope of the previous agreements, *i.e.*:

- new energy sources in transport;
- the electric and electronic architecture of the future;
- intelligent charging and discharging networks;
- new methods of designing and manufacturing vehicles;
- improvements to the competitiveness of internal-combustion engines (in particular, post-treatment);
- communicating vehicles and active safety.

This global strategic agreement, in force since January 1, 2015, is now supported by the common laboratory team, whose activity, dedicated exclusively to the battery agreement until end-2014, has been extended to all CEA activities. The first year (2015) of the global agreement enabled the high potential projects initiated within the two previous agreements to be consolidated (battery and power electronics). 2017 saw the start of activities in new collaborative efforts, such as electrical architecture, electronics of the future, the autonomous vehicle and lighting systems.

## PSA-Renault Research and Study economic interest grouping (EIG)

The PSA-Renault Research and Study economic interest grouping (a form of cooperative venture) houses the cooperation projects between the two manufacturers in shared fields of interest. Historically, the two main entities that carry out these joint-interest activities are:

- the LAB (established in 1969) Accident Analysis Laboratory, whose activities are focused on accidentology, biomechanics and human behavior;
- the GSM (established in 1980), which also includes IFPen (IFP new energies), whose work focuses on internal combustion and hybrid engines, fuels, combustion, depollution of internal combustion engines and air quality.

In its action plan, the LAB relies on many collaborative projects supported by the French and European authorities.

The RAMSE3S project, which is supported under the Investing in the Future program, has structured the bulk of GSM research over the past three years. The project will be ending in the coming months. The repercussions are many, be they for the understanding of phenomena or the technological guidelines to be used for the engines of the future.

The PSA-Renault EIG also supports two academic Chairs: one on mobility and quality of life in urban areas and the other on in-car lighting systems.



## Investing in the Future

One of the most ambitious economic programs launched in 2010 included an initial €35 billion investment for the future program launched by the French General Investment Commission (Commissariat Général à l'Investissement). Since then, Renault has regularly submitted key high-tech projects on the following subjects:

- the vehicle of the future: charging infrastructures, combustion drivetrain, electric vehicle drivetrain, lighter vehicles, aerodynamics and structure;
- the circular economy: recycling;
- the digital economy: software engineering;
- new mobilities;
- industrial processes.

Among the most recent projects submitted and launched in 2017, certain strategic areas for Renault are being discussed, including:

- innovative industrial processes: the HPP (High Power Pulse) Project for very high speed molding and robust multi-material assembly options for the introduction of new materials for weight reduction;
- recycling: the TREFIV Project for the development of a new recycled plastic-based product, the TREVIS project, which substitutes virgin visible thermoplastic materials with post-consumer recycled material, and the Re-B-Live project, which aims to create a recycling network for Li-ion Vehicle Batteries (destruction of batteries and recovery of metals);
- mobilities of the future: the EVAPS project (Ecomobility through Autonomous Vehicles in the Paris Saclay area) is a study of innovative mobility uses and services that uses autonomous and connected vehicles on a trial basis in the Paris Saclay area.

## Competitiveness clusters

The main competitiveness clusters in which Renault continues to have a major involvement are Mov'eo and System@tic in and around Paris, and ID4Car in western France.

One of the main priorities of the competitiveness clusters is to bring together large groups and small and medium enterprises and universities, to promote collaborative research projects.

Renault supports these initiatives through active involvement in the operations and in the different operational and governance bodies of these clusters: Board of Directors, offices, Scientific Committees, operational committees, members or coordinators of strategic activity areas<sup>(1)</sup>, etc.

Renault is also a major player in projects generated and certified in these clusters, as project leader or partner.

Since 2016, these three competitiveness clusters have had the Gold Label of the European Cluster Excellence Initiative (ECEI), following an audit by European bodies, thus recognizing their quality and performance.

To meet growing expectations for supporting innovative small and medium-sized companies, Renault supports cluster initiatives to promote them: participation in innovation reviews proposed by small and medium-sized companies, partnership creation, etc.

## Renault-CNRS framework agreement

Signed on May 15, 2013, this strategic partnership between Renault and the leading French public research institute helps to smooth the way for the signing of local contracts which support our relationships with nearly a hundred CNRS laboratories across France (Lyon, Lille, Montpellier, Clermont, Rouen, Paris, Orléans, Bordeaux, Poitiers, Grenoble, Rennes, Strasbourg, etc.). The agreements that govern this partnership are being renewed.

The framework agreement confirms the continuation of our current projects with CNRS laboratories and also fosters the exploration of new collaborative and innovation research areas in the coming years. Neuroscience, virtual reality, ergonomics, new materials and human behavior under delegated driving conditions are all new fields of research being investigated by Renault and CNRS teams.

These new fields of investigation supplement what are now the more traditional cooperations between engineering and systems sciences, and notably add to issues related to combustion, material fatigue, thermal activity or aero-acoustics.

These partnerships take the form of:

- multi-annual collaborative projects;
- activities associated with CIFRE doctorate student research topics.

In March 2017, Renault and Heudiasyc, a mixed UTC and CNRS research unit, created a joint laboratory (SIVALAB) that specializes in location and perception systems for autonomous vehicles.

This new scientific and technological partnership has been launched for a renewable four-year period. It was created from a partnership of more than 10 years and will use the Heudiasyc autonomous vehicle platforms, developed on the basis of the Renault ZOE. The main area of study of this collaboration is the reliability, integrity and precision of the perception and location systems used in autonomous vehicle navigation.

(1) Strategic business areas.



## 1.4.2 2017 new products: associated innovations and technologies

### 1.4.2.1 Alpine A110 Première Édition

One year after the presentation of the show car, the Alpine A110 was unveiled at the International Show in Geneva.

Designed and manufactured in France, this 2-seater mid-engine coupé features an aluminum structure for lightness and sophisticated double-wishbone suspensions. The A110 Première Édition is powered by a 1.8-liter, 252hp four-cylinder turbo gasoline engine. And like all Alpines, it's power-packed. It was designed to provide an experience that makes you want to drive no matter what the pace, privileging pleasure over speed or pure power.

#### Cutting-edge technologies – the Alpine DNA

##### Aluminum structure

Weighing in at only 1,080kg (vehicle in operation), the A110 occupies a niche of its own in the sports coupé segment. Thanks to its light structure, low roll center and optimal weight distribution, the driver feels as if they are one with the machine.

Other choices reduced the weight of the vehicle: aluminum suspension components, very light Sabelt bucket seats (13.1kg each) and Brembo brakes with an integrated parking brake actuator, a world first that on its own accounts for a weight gain of 2.5kg.

##### Double-wishbone suspensions

The A110 also owes its agility to front and rear double-wishbone suspensions. This configuration has multiple advantages when it comes to comfort and handling.

The biggest of which is linear suspension kinematics. During cornering, the double-wishbone suspension allows the tire contact area to stay flat on the road, creating a strong, permanent grip. The tighter the turn, the more the tires are pressed on the ground and the more the grip increases.

This precise control of the camber allows engineers to use hollow and light anti-roll bars because there is no need to counter the car's natural tendency on cornering. In addition, thanks to the relatively long travel produced by the wishbones and the A110's considerable lightness, the coil springs can be relatively flexible. As a result, the car offers great comfort on the road and literally swallows any irregularities on the road while remaining extremely agile and responsive without the need for adaptive dampers.

##### Driving pleasure and everyday comfort

The 44/56 front/rear weight distribution is enhanced by the position of the fuel tank, just behind the front axle, which makes the A110 a perfectly balanced car during cornering. With its highly flexible suspensions and driver assist, which include ABS and traction and stability control, it is a practical, safe and comfortable care for everyday use.

The 100-liter front luggage compartment is generous enough to accommodate two cabin suitcases side by side, while the 96-liter rear trunk holds two full-face helmets and a weekend bag.

The 320mm brake discs were designed by Brembo, a leading specialist in brake components, and are equipped with four-piston aluminum calipers to provide powerful and reliable braking. The stability control system includes a Sport intermediate mode as well as a Track mode that tolerates a little more slippage before it activates, for more sporty but safe driving. On the track, it is possible to deactivate the ESP completely, regardless of the driving mode selected.

The three driving modes are Normal, Sport and Track. Changing from one to the other changes parameters such as throttle response, steering assistance, shift speed, exhaust sound, and stability control intervention to offer a sharper, more exciting, and more thrilling drive. On the instrument panel, the 10-inch TFT digital display also changes depending on the driving mode, allowing more room for the tachometer, gear indicator display and gearshift indicator in Sport and Track modes.

##### A turbocharged engine: optimal performance

The 1.8 l four-cylinder direct injection turbo engine prepared by Alpine with a specific intake, exhaust and turbo, all with custom calibration, has maximum power of 252hp at 6,000 rpm, for torque of 320Nm starting at 2,000 rpm.

Reactive and powerful, the longitudinal engine uses a seven-speed dual wet clutch Getrag transmission designed specifically by Alpine to transmit its power to the rear wheels. The gearbox offers fast gearshifts and has a manual mode that allows the driver to shift gears using aluminum paddles, as well as a fully automatic mode. An electronic differential that acts when the wheels brake (brake vectoring) provides exceptional traction torque, even on slippery surfaces.

Its excellent weight/power ratio (4.37kg/hp), plus a launch control function, allows the A110 to go from 0 to 100kph in 4.5 seconds. Its top speed is electronically limited to 250kph. Thanks to its lighter structure, it also has excellent energy efficiency (with a combined consumption of 6.1 l/100km) combined with low CO<sub>2</sub> emissions (138 g/km).

##### Remarkable aerodynamics

With its flat base and functional rear diffuser, the car has extremely clean aerodynamics that dispense with the need for rear spoilers. Air intakes in the front bumper also create air curtains, thus improving the flow of air around the wheel arches and reducing drag.

Another essential feature of the car is its very small frontal area. Its compact dimensions and fairly narrow tires make it possible to minimize the A110 Première Édition's drag, resulting in better acceleration at higher speeds and greater energy efficiency.

### 1.4.2.2 Renault ALASKAN

Unveiled in 2016 in Colombia and already an enormous success in markets with a strong pick-up tradition such as Latin America, the Renault ALASKAN has been marketed in Europe since September 2017.

#### A muscular pick-up...

##### Five-link rear suspension for greater driving comfort

Resolutely modern, this new five-link rear suspension offers excellent road handling and high-end comfort for all passengers, without compromising on all-road capabilities and vehicle robustness. Driving comfort is improved compared to traditional solutions with leaf springs for friction gains, whether or not the vehicle is loaded. The five-link suspension configuration is more effective for noise and vibration filtering.

##### An extremely resistant ladder chassis

The reinforced ladder chassis is a key element in the segment, allowing useful payloads of over one metric ton. From the Renault-Nissan Alliance, the entirely enclosed ALASKAN chassis is ideally designed to meet customer needs for commercial, 4x4 and leisure use. Thanks to the use of robust materials, its increased rigidity provides better road handling and improved road safety. With generous 230mm ground clearance and towing capacity of 3.5 tons it offers the best level in the one metric ton useful payload pick-up segment. Lastly, the chassis' intelligent design improves all-road capabilities (approach, departure and ramp angles).

#### ... powerful and ingenious

##### All-road capabilities

Driving modes: 2WD (propulsion)/4H and 4LO (4WD transmission):

- 2WD: for everyday driving on asphalt roads to save fuel and benefit from better road handling;
- 4H (can be activated under 60kph): in slippery conditions (wet roads, stones, etc.) and maximum speeds of 100kph;
- 4LO (can be activated when stopped): in the event of a complete loss of traction (sand, snow, mud, etc.).

Electronic limited slip differential (eLSD) and a 4WD transmission ensure safer driving. This electronic system uses braking sensors to monitor each wheel's rotation speed. As soon as the system detects that the wheel on one of the axles turns faster than the other, braking is briefly activated to improve adherence, reinforce stability and enhance the feeling of safety.

Locking rear differential: mechanical rear differential locking facilitates traction in extreme driving conditions.

Vehicle control assistance: electronic assistance during dangerous maneuvering for improved driving comfort and safety:

- hill start assistance (HSA): braking management to prevent the vehicle from rolling back when the brake pedal is released during a hill start;
- hill descent control (HDC): on roads with steep gradients, the HDC system controls the brakes to prevent the vehicle from gaining speed;
- anti-lock braking system (ABS);
- electronic brakeforce distribution (EBD);
- emergency brake assist (BA);
- electronic stability program (ESP).

##### Intelligent and intuitive technology

- Renault's keyless system, with start button.
- Five-inch TFT 3D color screen with easy access to vehicle data.
- Practical connectivity and audio system, compatibility with smartphones, hands-free telephoning, Bluetooth connectivity with voice recognition, CD player, AM/FM radio, four or six speakers and steering wheel remote controls.
- Connected touch navigation system with seven-inch screen (available in certain countries).
- 360° visibility thanks to four cameras (located on the front bumper, exterior rear-view mirrors and tail panel) to facilitate maneuvering and avoid obstacles, on-road or all-road (available in certain countries).

##### Sober and economical

The ALASKAN is equipped with the Renault 2.3 l dCi four-cylinder diesel engine available in single (160hp) and twin-turbo (190hp) versions, already a big success in the Renault MASTER range.

The twin-turbo technology is equipped with a small turbo for torque and flexibility at low revs and a larger turbo for performance at high speed.

Available in a manual 6-speed or automatic 7-speed versions, it ranks **first in its class in terms of acceleration and efficiency**.

This engine has remarkable performance thanks to:

- reduced friction in the valves with pistons with amorphous carbon coating;
- reduced fuel consumption and engine heat thanks to an electrical system that controls the operation of the oil pump through adjustment of pressure and volume to engine temperature, speed and load conditions;
- improved engine efficiency thanks to vibration control;
- improved fuel efficiency with a turbulence control valve that increases air circulation at low revs.

### 1.4.2.3 The New CAPTUR

Europe's best-selling urban crossover in 2016 with 215,670 units sold, the CAPTUR is reinventing itself with an even more distinctive design and new embedded technologies, while maintaining its practicality.

#### Full of technologies for the driver's convenience

The premium Bose® audio system consisting of six high-definition Bose speakers and a subwoofer in the trunk that plays authentic and clear sound.

#### Three multimedia systems: R&Go®, Media Nav Evolution and R-LINK Evolution

Even at the first equipment level, the New CAPTUR is connected thanks to the new version of R&Go®. This system transforms a user's smartphone into a connected tablet that is installed in its universal support. The user has ergonomic and intuitive access to the car's most useful functions, such as Navigation, Telephone, Multimedia and vehicle information.

R-LINK Evolution offers the most complete multimedia system and features a seven-inch capacitive screen.

R-LINK Evolution integrates navigation with real-time traffic information, 3G and Bluetooth connectivity, media playback (photos, videos), a wide variety of applications from the Renault R-LINK Store, and driver assist management (depending on the version).

#### For the first time, R-LINK Evolution is compatible with Android Auto™

#### New technologies to make driving easier

Blind Spot Warning, starting with the third level of equipment: four sensors detect the presence of moving vehicles in the blind spots of mirrors, even two-wheelers. When a vehicle is detected in the driver's blind spot for more than one second, a light will instantly illuminate in the rearview mirror. Operating at speeds from 30kph up to 140kph, this technology makes driving safer for everyone.

Depending on the version, CAPTUR is equipped with a front radar and a rear view camera to make maneuvering easier and avoid the small bumps and scratches that are the daily result of driving in urban areas.

Another new feature, Easy Park Assist, which is available on high-end versions, makes parking simplicity itself by offering hands-free parking. The driver begins by indicating the type of parking space desired: parallel, perpendicular or diagonal. When the vehicle is traveling below 30kph, the system detects any available space. Once a space is detected, the system calculates and guides the trajectory of the vehicle: the driver does not have to steer the wheel; he or she only controls acceleration and braking.

#### A wide range of engines

Six types of engines to choose from, in diesel or gasoline versions.

For the CAPTUR, the available diesel versions are: the dCi 90 (available in manual or automatic gearbox versions) and the dCi 110, which comes with a six-speed manual gearbox. Equipped with Stop & Start and the braking and deceleration energy recovery system, this engine has 110 horsepower at 4,000 rpm and a torque of 260Nm at 1,750 rpm. It is based on a new

turbo architecture and its low inertia gives it a very short response times at low speeds.

The gasoline versions are: the Energy TCe 90 manual gearbox and the TCe 120 with manual or automatic gearbox. Along with the EDC dual-clutch automatic gearbox, this manual gearbox targets cost-conscious customers who want complete control over the operation of the vehicle. With its direct injection, turbo and Stop & Start technologies, the engine delivers 205Nm starting at 2,000 rpm.

### 1.4.2.4 The New KOLEOS

Unveiled as a world premiere at the Beijing International Motor-Show in 2016 and already marketed in Australia, the Gulf countries, some South American countries and Asia, the New KOLEOS was launched in Europe in June 2017.

This authentic D-segment SUV combines a robust and powerful style with the elegance, refinement and comfort of a large sedan.

The New KOLEOS is based on the CMF-C/D modular architecture of the Renault-Nissan Alliance, common to several vehicles including the ESPACE, TALISMAN and KADJAR for Renault, the X-Trail and QASHQAI for Nissan.

#### Technological focus on its full LED light signature

The consistency with the ESPACE and TALISMAN continues in the design of the front and rear lights, with a characteristic **dual full LED light signature**.

At the front, the C-shaped light signature goes past the optical block, as it does on the TALISMAN, to give it an even more powerful look.

Depending on the version, the New KOLEOS can be equipped with **full-LED "Pure Vision" projectors** that perform both low-beam and high-beam functions.

By day, these daytime running lights give it a piercing and unique look. At night, this technology, which is 20% more powerful than a traditional halogen beam, significantly improves visibility.

In the rear, the lights stay on day and night and are equipped with Edge Light technology that provides a **3D effect** for clear and bright lighting, up close and far away.

Their wraparound design makes the vehicle look wider (1,840mm).

#### Focus on 4x4 technology

The New KOLEOS's **ALL MODE 4x4-i** technology has already proven itself in millions of Renault-Nissan Alliance vehicles sold around the world. This all-wheel drive system constantly monitors the wheel-to-ground grip, providing ideal traction in all conditions.

Unlike many competitors, the New KOLEOS has a control that allows drivers to **choose their transmission mode**. It is very simple to use: a control located to the left of the steering wheel allows you to choose between the "2WD", "4WD AUTO" and the exclusive "4WD LOCK" modes.

- In the "2WD" mode, the New KOLEOS is in permanent front-wheel drive, whatever the road grip conditions, to improve gasoline consumption.

- In “4WD AUTO” mode, the ALL MODE 4x4-i system continuously monitors changes in driving and traction conditions and then processes the information from its sensors to ensure an ideal distribution of engine torque between the front and the rear. Up to 50% of available torque can be sent to the rear wheels if necessary.

In off-road or low-traction conditions (snow, mud, dirt, sand) and at reduced speed (below 40kph), the driver can lock the system by activating the “4WD LOCK” mode to ensure a 50/50 split of the torque between the front and the rear. Above 40kph and each time the engine is restarted, this option is automatically deselected.

### 1.4.2.4 The New Dacia DUSTER

Unveiled at the Frankfurt Motor-Show in September 2017, the New Dacia DUSTER features a totally new exterior design and a completely redesigned interior.

#### A completely redesigned high-quality comfortable cabin

A completely redesigned driving position: The central façade hosts a MediaNav Evolution screen positioned higher (74mm) and angled toward the driver. This makes it easily accessible and readable (an eye-screen distance that is among the lowest on the market).

The driving position offers optimum comfort and multiple settings.

The driver's seat now has an armrest, lumbar adjustment and a new 60-mm height adjustment mechanism (a 20mm improvement).

## 1.4.3 Performance levers

### 1.4.3.1 Modules and Common Module Family (CMF)

#### Modules

In 2017, Renault pursued its standardization policy based on a strategy of sharing platforms and components with Nissan and on the introduction of modular design.

The project is now well underway with 134 module contracts signed, which represent a coverage of 60% of vehicle value.

The standardization level of each new project is controlled by the COCA objective<sup>(1)</sup>, which is set right from the outset and checked at every stage of the project.

The standardization policy has now been synchronized with Nissan in the Alliance Technology Development department. Based on the ACM (Alliance Commodity Meeting) process shared by Purchasing and engineering, it accelerates technical convergence and so enhance the Alliance's economic performance.

(1) COCA: Carry Over/Carry Across – rate of reuse of parts already developed.

The seat cushion is extended by 20mm for better support. The redesigned, more wraparound seats provide better cornering support and feature denser foam for durability and comfort.

The central facade hosts new controls in the form of a piano bar for a more ergonomic, modern feel.

The new center console, with its off-center parking brake, has storage and an ideally positioned 4x4 control.

#### Better sound insulation: half the noise

Inside the cabin, the noise level is halved thanks to the treatment of rolling noise with materials that absorb more sound.

The insulation of the vehicle is reinforced by:

- an increase of the absorbing surfaces in the passenger compartment and engine compartment from 20 to 50%;
- a reduction of acoustic leakage through the installation of a sealant layer, or shutters;
- an 0.35mm increase in glazing thickness in the front;
- engine noise and running noise are reduced thanks to a stiffer front block (subframe, side members, body panels), which softens vibrations from the body inside the cabin.

Inside the vehicle, **sound reproduction is improved** thanks to bi-cone speakers with an increased diameter of 165mm.

#### CMF (Common Module Family)

Implemented in 2013 as a source of increased competitiveness and synergies, CMF extends the standardization of architecture to an unprecedented number of vehicles developed within the Renault-Nissan Alliance. CMF has already generated an average 30-40% reduction in product/process engineering costs per model and a 20 to 30% reduction in parts costs for the Alliance.

A CMF is an engineering architecture that covers Renault-Nissan Alliance vehicles, from one or more segments, based on the assembly of compatible “Big Modules”: engine bay, cockpit, front underbody, rear underbody, electrical/electronic architecture.

CMF is an additional tool that goes further than carryovers on a single platform, to expand the product range. The trend is to increase the modules common to several platforms, with a view to standardizing components and increasing the number of vehicles per platform. CMF was first applied to the compact and family car C- and D-segments. Today, it covers 16 models (11 Groupe Renault + five Nissan) and nearly two million vehicles per year.

Today, the ESPACE, KADJAR, MEGANE, TALISMAN and KOLEOS are amongst the main models manufactured based on CMF-CD architecture.

Since 2015, the KWID in India was the first Alliance vehicle to be manufactured based on CMF-A architecture.

### 1.4.3.2 Systems engineering

Deployment of systems engineering, which is essential for the integration of new connectivity, autonomous vehicle or electrification technologies into our vehicles, began in 2013 and continues to this day. Inspired, among other things, by the aeronautical industry, this structured design and development method has now been adopted by all carmakers in order to deal with the growing complexity of products and services. As a result, Renault has increased the number of functionalities or services from 300 on the second generation ESPACE to over 900 on the New ESPACE. Projections for future Alliance vehicles show a continuation of this trend, coupled with an increased interdependence of interactions. Following a structure that links the initial “need” (product, service), systems and components (parts, calculators, software), this approach allows us to plan and manage our designs. Deployment, which is based on the establishment of 43 systems at the Alliance level, continues with a trend toward “model-based” methodologies that increase development control and robustness, which are evolving toward platform approaches inspired by the IS/IT segments.

### 1.4.3.3 Processes for a solid conception

#### V3P

The roll-out of the new V3P development approach to various projects made it possible to make significant advances in terms of reducing development times. As a result, Renault is now one of the most advanced carmakers in this field.

In 2016, feedback from projects started in 2013 was used to further reinforce the application of this new approach to future developments.

The development of CMF with a high commonality rate was reinforced by the introduction of a specific V3P Alliance platform approach.

#### Synchronization of milestones in project planning and development phases (S3/CF)

The roll-out of the V3P approach resulted in a complete rethink of the process of introducing innovations into vehicle projects. In order to introduce more research project innovations, it was necessary to ensure first that such innovations were sufficiently advanced, and second, that the decision to introduce such innovations was taken at the right point in the project’s sequencing.

A well-defined process was implemented, guaranteeing technology transfers in line with initial expectations and requirements. Just like a relay runner who hands over the baton to another member of the team in a flying start, the innovation is transferred by R&AE (Research & Advanced Development) teams to the project teams at specific milestones, such as the “concept freeze”, *i.e.* the stage at which the vehicle’s design and technical components are selected along with the cost/value equations that best meet customer requirements.

In 2017, in addition to improving collaboration between the teams, this synchronization contributed to smoother transfers, guaranteeing continuity and greater convergence in terms of vehicle project development and the introduction of innovations into these projects.

### Customer satisfaction plan: from reliability to customer satisfaction

#### The expertise network

Since 2010, the expertise network structures and harnesses the Company’s knowledge and know-how to implement its strategic orientations and contribute to its performance and to customer satisfaction.

The 49 areas of strategic expertise are established in all major business activities, with a strong concentration in engineering; This year, areas related to new technologies have been set up: electrical ecosystems, cybersecurity, artificial intelligence, and existing domains were reviewed to support the digital transformation of all of our business activities.

The network is structured into four levels:

- the Expert Fellow, a member of the Renault Management Committee. Responsible for defining the strategic areas of expertise, the Expert Fellow coordinates the Expert Leader network to organize production at the both strategic level with the roadmaps and the operational level regarding technical or methodological innovations, support for projects or quality issues. The collaborative work carried out during the workshops contributes to a dynamic of shared progress for the affected business activities as regards the Company’s main challenges, which are largely technical. The network can thus be described as an agile organization that serves the inter-business sector. Participation in regulatory and standardization bodies and their consistency is also one of the network’s deliverables;
- 49 Expert Leaders, each reporting to a business Vice-President who oversees their road map. Expert leaders have responsibility for one area of strategic expertise. They structure and guide their internal network of experts and use an external network consisting of academics, other manufacturers, associations, incubation structures, etc., to enable the Company to work in an “extended” way and expand it through involvement in collaborative or investment efforts;
- 180 experts, responsible for secondary fields of expertise, oversee benchmarks, identify relevant partners and invest in the protection of know-how through patents; They are responsible for promoting standards and processes;
- 440 Consultants responsible for specific business activities, who improve the state of the art by being “the benchmark” in their practice, thus building standards, capitalizing on them and imprinting them with their experience.

Thanks to its transversal approach, the continuous development of the expertise network enables the pace at which knowledge is acquired to be accelerated, along with the application of this knowledge to the Company’s different business activities and projects. Within the Alliance, the Renault and Nissan expertise networks regularly coordinate to work in synergy on strategic roadmaps and joint development projects.

### 1.4.3.4 Reinforcement of the innovation momentum

#### Open Innovation at Renault

The creation of Open Innovation Labs is part of the Renault-Nissan Alliance's innovation culture and strategy: they enable innovation opportunities to be cultivated based on an open eco-system comprising start-ups, universities and investors and a local economy such as local authorities, associations, customers and markets.

These labs bring together in one place the three pillars of open innovation: the socialization of knowledge (events, conferences, think tanks, meet-ups), creativity and innovative design methods (design thinking, Fablab) and new economy leveraging (acceleration of start-ups, collaborative and open modes and platforms).

After Silicon Valley (California, USA), which was inaugurated in 2011, and Tel Aviv (Israel), inaugurated in 2016, Renault continues its innovation strategy through the inauguration of a third Renault Open Innovation Lab called "Le Square" in Paris in 2017. Through collaboration between Renault's internal teams and external start-ups and partners, it will strive to define new ways of working and the future of mobility.

The **Tel Aviv Open Innovation Lab** in Israel inaugurated in June 2016, is designed to promote electric vehicles and encourage creativity based on the mobility of the future. It studies electric vehicles, after-sales and cybersecurity.

The **Silicon Valley Open Innovation Lab** in the United States is the leading initiative for more open innovation with the world's largest start-ups ecosystem and the US Universities of Stanford and Berkeley. This lab contributes to the Alliance's research efforts for autonomous driving and in particular the development of Artificial Intelligence. It develops innovative connected services through collaboration with Silicon Valley start-ups and new mobility approaches.

#### Continued reinforcement of the innovation network

The reinforcement of the innovation network is based on numerous actions:

- increased technical and scientific synergies within the Alliance to benefit from shared processes;
- sharing of collaborative projects co-financed with European partners;
- further expansion of the internal 'Creative Lab' network to increase the creativity of Renault employees;
- broadening of connections with local eco-systems in order to be closer to new trends in these markets, through emerging start-ups;
- access to the best performing cutting-edge technologies through the strategic partnership with the CEA; creation of an autonomous vehicle project platform in Saclay;
- sharing of research efforts with French partners in industrial and academic Technological Research Institutes (Vedecom, SystemX);
- identification, activation and support for Research skill clusters in the RTX according to the specific local features and talents associated with new communications and information technologies;
- broadening of the exchange network with actors in future mobility, based on Renault's strategic focuses (electric vehicle, new mobility, connectivity and new associated services).

### 1.4.3.5 Investments in R&D resources

In 2017, a €56 million investment plan was dedicated to R&D resources worldwide, of which 67% in France.

Investments in measurement and validation tools to prepare for:

- the conversion to new regulatory standards, particularly for emissions and safety;
- the introduction of new technologies: ADAS, Electrification, Connected Vehicles, HMI, etc.;
- the development of local engineering.

## 1.4.4 R&D: an international organization

On January 30, 2014, the Renault-Nissan Alliance announced its intention to launch convergence projects in four of the organization's key functions (engineering, manufacturing and logistics, purchasing and Human Resources).

In engineering, the two companies continued to accelerate the synergies by means of a joint "upstream" strategy of advanced technologies, joint modules and platforms, and powertrains. Simulations and trials are also conducted jointly. The objective is to improve productivity by sharing best practices and core skills and by standardizing technical rules, parts and processes (see section 1.2).

The organizing principle of the Alliance's new engineering is based on:

- an activities scope specific to each manufacturer (product engineering), thereby enabling it to retain the identity of its products;
- a scope that is common to both manufacturers (Alliance Technology Development) and involves activities that can be shared. This joint scope is managed by a single leader.

### 1.4.4.1 Product engineering: the identity of each of the Alliance's carmakers is preserved

It aims to develop Renault product plan models, in line with the brand's identity, by meeting market and customer demands in terms of competitiveness, quality, design and innovation.

### 1.4.4.2 Alliance Technology Development: convergence of research, technologies and test resources

With the creation of this department, the Alliance is introducing a joint strategy which aims to accelerate synergies without disrupting project developments that are already under way at Renault and Nissan. This joint strategy relates to the choice of technologies, the roll-out of platforms, the process of standardization of rules relating to the businesses and components not visible for the customer and the development of a powertrain range that meets the expectations of both carmakers. The systems approach initially rolled out at Renault has now been extended to Nissan. Simulation tools, as well as sites specially designed for dynamic tests and trials, are made available to both the Alliance brands.

This new engineering convergence strategy focuses on several key areas:

### Competitiveness of Alliance technologies

In areas such as autonomous vehicles, connectivity or electric vehicles, and more generally speaking, in fields of research, the best performing technologies are identified. The objective is to take the best of the two carmakers and focus on the most promising technologies to improve competitiveness and reduce the time needed to introduce innovations into vehicle projects (Time to market) as illustrated by the partnership announced with Microsoft.

In the field of mechanics, the example of the gasoline engine, which was co-developed as part of the partnership between the Alliance and Daimler and inaugurated in the SCENIC and Grand SCENIC with three power levels (Energy TCe 115, Energy TCe 140 and Energy TCe 160), and which will be deployed in several Renault and Nissan models, is an example of a best practice that is reproduced and standardized as part of the new organizational structure.

Shared platforms that have already been partially rolled out are a key performance component, making it possible to base a wide range of vehicles from both brands on five big modules by minimizing the development of new parts (see sections 4.1.1 & 4.1.2 "Modules/CMF").

### Joint processes

The new organization aims to speed up the definition of joint standards, methods and processes so that project development can be more effective. For example, technical specifications sent to a supplier will systematically fulfill the expectations of both Alliance carmakers.

### 1.4.4.3 Renault international engineering centers (RTX)

Renault international engineering centers (Korea, India, Russia, Romania, the Americas and Spain) are supported in their missions to find out about local markets so that products can be localized in order to fulfill customers' needs and expectations, as well as the countries' regulatory and economic constraints.

The increase in skills at each of these sites continued in 2017. This allows the Group to also entrust them with responsibilities for global transversal activities and to lead vehicle projects at an earlier phase.

## 1.5 INTERNAL CONTROL AND RISK MANAGEMENT

### 1.5.1 Group internal control and risk management system

#### 1.5.1.1 Objectives of the internal control and risk management systems

Groupe Renault has adopted organizational structures and procedures to contain the risks inherent in its activities and to limit their negative impact. The internal control and risk management systems are implemented in all corporate functions, all activities and all Regions. The main objectives are to:

- identify and manage risks to which the Company is exposed;
- ensure compliance with laws, regulations and the Company's by-laws;
- control quality, cost and delivery times in its activities;
- ensure that financial, accounting and management disclosures are reliable, relevant and of a high standard.

These structures and procedures cannot, however, offer an absolute guarantee that the Company's objectives will be achieved. In order to mediate between the opportunities and risks, Groupe Renault's global risks management system aims to reduce the impact and/or probability of events having a significant influence on the control of operations or the fulfillment of objectives. The internal control and risk management systems identify and assess risks by measuring the level of risk factor management and the efficacy of management plans.

#### 1.5.1.2 Regulatory framework of the internal control and risk management systems

Since 2007, Groupe Renault has taken into account the reference framework and implementation guidelines of the French Financial Markets Authority (AMF), which were updated in July 2010, and the recommendations of the Audit Committee working group report published in July 2010.

The AVTOVAZ group has management autonomy and has implemented an internal control system and risk management system in accordance with Russian legislation and the organization described in this section; any variations are indicated and explained.

With regard to sales financing, RCI Banque has defined its own internal control framework in accordance with banking and financial regulations. This system is outlined in section 1.5.3 "Sales Financing". RCI Banque is subject to controls by the French Prudential Supervisory Authority (ACPR) and the European Central Bank (ECB).

#### 1.5.1.3 Organization of the internal control and risk management systems

The overall control system is based on the three lines of defense represented in the diagram below:



The internal control and risk management systems help to control operations and fulfill Group objectives:

- the internal control system aims to control processes so as to provide reasonable assurance on the efficacy, compliance and reliability of financial, accounting and management information;
- the risk management system identifies and assesses major risks likely to hinder the business' ability to fulfill its objectives in order to maintain these risks at a level judged acceptable by Senior Management;
- as part of its duties, internal audit assesses the functioning of the internal control and risk management systems, and issues recommendations for improvement.

The first two lines of defense report on internal control and risk management issues to dedicated committees: the Risks and Internal Control Committee (Comité des risques et du contrôle interne, CRCI) and the Ethics and Compliance Committee (Comité d'éthique et de conformité, CEC) presented in section 3.3.2. They occasionally report to the Executive Committee and the Operations Review Committee as part of thematic presentations. The aim of the Risks and Internal Control Committee is to



regularly validate and assess the efficiency of the internal control and risk management systems.

The second and third lines of control present the results of their work to the Audit, Risks and Ethics Committee (Comité de l'audit, des risques et de l'éthique, CARE), whose duties are defined in section 3.1.1.5.

In the course of their duties, the statutory auditors assess the internal control of the preparation and processing of accounting and financial data and, when necessary, issue recommendations.

### 1.5.1.4 Deployment of the internal control and risk management systems

The Group comprises three operating segments: the Automotive division of Groupe Renault, excluding AVTOVAZ, the AVTOVAZ group, and Sales Financing.

The Automotive division of Groupe Renault, excluding AVTOVAZ, is structured around three axes: Regions, corporate functions and programs. They help set the business strategy and implement this on a daily basis:

- the "Regions" axis develops the business in the field. The Regions are responsible for optimizing the business and profitable revenues;
- the "Corporate Functions" axis groups together all of the business functions, with global responsibility. Corporate Functions define the policies, and supply the appropriate standards, methods and skills to the programs and Regions;
- the "programs" axis is responsible for the life-cycle of the vehicles and services at a global level. Programs develop the vehicle ranges and services and control their profitability.

This structure does not exist for the AVTOVAZ group.

Sales financing has its own internal control and risk management systems and organization, as outlined in section 1.5.3

### 1.5.1.5 Guidelines for the internal control system

#### Internal delegations and separation of offices

In addition to command-line structures, the Group has set up a staff reporting system so that corporate function managers can provide leadership for their function correspondents throughout the Group.

The decision-making process is based on a system of internal delegation that determines in which areas and at which levels operational managers may make decisions. All the rules for delegating decision-making authority are communicated to personnel via the intranet. When a decision is required, a workflow chart specifies the persons involved, in accordance with internal control procedures.

Decisions concerning certain transactions, and notably those related to the capital of the subsidiaries, disposals/acquisitions, partnerships, cooperation, and limits on the hedging of raw materials and currency risks, along with general policies, are made following a special review by a committee of experts, which gives an opinion. The final decision is then made by the Chairman and Chief Executive Officer.

The principle of separation of offices and tasks is required at all hierarchical and functional levels within the Group, and within the computer systems, to facilitate independent control and to separate tasks and functions corresponding to operations, the protection of property and their booking for accounting purposes.

### Group ethics and corporate functions criteria

The "Corporate Functions" define and issue the policies and standards to be deployed, which are then rolled out as procedures and operating methods to ensure that processes at operational level function in accordance with the principles outlined in the Ethics Charter and the corresponding codes of good conduct. The Internal Control department has distributed guidelines (Minimum Control Standards & Control Basic Rules), which list the main controls to be performed and incorporated into the operational staff's control activities.

### 1.5.1.6 Scope

The internal control system applies to the parent company and all fully consolidated companies. The risk management policy is applied at Group level for major risks. It is rolled out at operating entity level (countries, commercial and/or industrial subsidiaries) and for vehicle programs.

### 1.5.1.7 The main actors in internal control and risk management

In accordance with the AMF's general internal control principles and respecting the principle of the separation of offices, the Renault internal control system is implemented in accordance with the three lines of defense set out in section 1.5.1.3:

- at line one are:
  - operational management, which adapts and applies within its scope of responsibility the internal control and risk management principles and methods defined at Group level,
  - employees, who are expected to comply with the internal control system established for their work areas and with the Group's code of ethics, as well as their own dedicated codes of ethics;
- at line two, this system is permanently monitored to evaluate its proper application and efficiency. This monitoring is performed by:
  - the Internal Control department using self-assessment questionnaires and compliance tests. It also sees that action plans are carried out if any shortcomings are observed,
  - the Risk Management department: as both leader for mapping the Group's major risks, and as an adviser and to support risk mapping by the programs and operating entities in the Regions (whether industrial or commercial),
  - the Group Performance and Control department coordinates and leads this process in the field, supported by its representatives in the entities and Regions. It ensures that all personnel comply with management rules and assists operational staff in the coordination of their action plans and monitoring,

- the departments, known as “Corporate Functions”, represent the business functions and are responsible on a global scale for establishing policies, standards and methods;
- line three involves:
  - the Internal Audit department, which independently and objectively assesses the control of operating performance, provides advice and recommendations on how to improve the control systems and gives Senior Management reasonable assurance on the degree of control over operations in the form of a report setting out the observations, the recommendations listed according to three levels of criticality and the conclusions (strengths/weaknesses, audit rating, etc.).

Internal audits are performed on all activities and entities of Groupe Renault and AVTOVAZ group. They may also be performed on converged organizations with Nissan. For bodies in partnership with Renault, the intervention may take place subject to the partner’s agreement, and for externalized activities, if the contract audit clause allows it.

The Internal Audit department is certified by the French Institute of Audit and Internal Control (IFACI)<sup>(1)</sup>, in accordance with the standards for the professional practice of internal auditing (*référentiel professionnel de l’audit interne*, RPAI) comprising 25 general requirements divided into 100 detailed requirements across six categories: positioning, planning, steering, GRC (governance, risks and compliance) programs, professionalism, quality performance and audit processes.

The audit plan is prepared annually. This annual audit plan is reviewed as and when required and is based in particular on the Group’s risk mapping.

Audit types:

- **control the implementation** or application of internal and external guidelines;
- **provide operational management with an external assessment** and objective overview of operations controls and the adequacy of methods implemented, compared with performance objectives and best practices. This type of audit may be required to assess the quality and effectiveness of risk management plans;
- **assess any processes** that carry a risk of fraud or perform specific investigations following an alert;
- **verify the implementation of action plans** drawn up by management following a prior audit that produced an “insufficient” rating (follow-up assignment).

Recommendations arising from internal audits lead to the drafting of action plans, implemented by the auditees and validated by the auditor.

The Audit department monitors the corrective action and twice a year prepares a progress report on the recommendations, with high or medium criticality, which it provides to the Group’s Senior Management and CARE.

### 1.5.1.8 Assessment and outlook

In 2017, the work of the Internal Control department focused on the following points:

- coordination of the anti-fraud system, specifically including awareness-raising actions and training in the risks of external fraud, such as “CEO fraud” and “change in bank details fraud”;
- participation in work to adapt the anti-corruption system to comply with the “Sapin 2” law, with specific work on the pillars dealing with preparing corruption risk mappings and accounting control procedures;
- to help operational staff coordinate the separation of offices, last year, the Internal Control department deployed a method for analyzing the separation of duties using standard matrices for the main processes at risk (accounts, stock management, purchasing, etc.). This analysis was carried out across significant Group entities and action plans are being drawn up and monitored by the Internal Control department. A pilot project was also launched to ensure the proper separation between the purchasing, accounts and cash management information systems;
- the Internal Control standards (Minimum Control Standards) were revised and supplemented by 10 basic control rules (Control Basic Rules); their roll-out is assessed using the Internal Control questionnaire;
- the continuation of a multi-year, Group-wide project aimed at bringing together everyone involved in the Company’s risk control processes. This approach focusing on operating risks is crucial to securing processes and performance;
- preventive and detection controls were implemented through a new organization dedicated to data-mining.

The priorities in 2018 will be to continue these underlying actions begun in previous years.

### 1.5.1.9 Training to adapt skills

The main corporate functions have set up schools to raise the professional standards of their staff. These schools reflect their strong belief in employee training as a way to enhance performance and to better satisfy Senior Management expectations.

The Internal Control department has launched a program of specific and further training for operational managers within the entities. Over the last three years, the Internal Control department has trained over 500 managers and 30 Management Committees.

(1) French Institute for Audit and Internal Control (*Institut français de l’audit et du contrôle interne*).

## 1.5.2 Implementation of internal control and risk management objectives

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### 1.5.2.1 Risk management

The Group applies a risk management method based on one hand on identifying a wide range of risks, which are then mapped, and, on the other hand, on carrying out action plans to deal with these risks, and specifically their net impact and/or probability of occurrence, by means of: elimination, prevention, protection or transfer. This method applies to the Group, entities and vehicle programs. The mapping of major Group risks (descending and ascending) is presented to the Risks and Internal Control Committee, the Group Executive Committee and the Audit, Risks and Ethics Committee, which validate it.

To carry out its duties, the Risk Management department relies, in particular, on two networks:

- one comprising managers mainly from the performance and control function, for the operating entities (countries, commercial and/or industrial subsidiaries) and from the quality function, for the programs. These managers are known as Operational Risk managers (Risk managers *Opérationnels*, RMO). They work with the Risk Management department on the operational implementation of risk management systems within the entities and programs;
- the other made up of experts who manage a specific area of risks. These may be risks common to all companies or specific to one of Groupe Renault's segments of activity. These experts are known as Expert Risk managers (Risk managers Experts, RME) and consult on the standardized risk management plans in their area of expertise.

The risk factors to which the Group is exposed are described in section 1.6. Analysis is performed based on the categorisation of risks in use within the Group (Risk Universe):

- risks related to strategy and governance;
- risks related to operations:
  - cross-group operational risks,
  - risks related to the definition of products, services,
  - risks related to the engineering of products, services,
  - risks related to purchasing,
  - risks related to in-bound logistics,
  - risks related to manufacturing,
  - risks related to out-bound logistics,
  - risks related to sales of products and services;
- risks related to cross-group functions:
  - financial risks,
  - quality risks,
  - Human Resources risks,
  - data processing risks,
  - legal risks,
  - fiscal and customs risks.

To draw up the audit plan for the Company's major risks, which is validated by Senior Management and approved by the CARE, the Internal Audit department uses risk maps to identify the most pertinent audit themes and assess risk coverage. Through its auditing task, the Internal Audit department provides the Risk Management department with insight on the effective level of control of major risks.

### 1.5.2.2 Assessment and outlook

In 2017, the Risk Management department focused its activities on:

- updating the mapping of the Group's major risks. This exercise was carried out in close cooperation with the preparations for the Group's new medium-term strategic plan, *Drive the Future*, so that the Group could in particular integrate action plans to address identified risks right from the start;
- the strengthening of treatment plans and processes to improve the control of the major risks identified previously;
- assistance to operating entities in the implementation of country, industrial site and commercial subsidiary risk mappings, carried out with the operational risk managers of the relevant entities;
- assistance to the Program departments in creating risk mapping for projects.

Furthermore, actions by the Risk Management department to raise Group employee awareness of the risk culture and risk management continued (communication and training).

In 2018, the Risk Management department's activities will continue to focus on these priority issues.

### 1.5.2.3 Compliance with laws, regulations and the Company's by-laws

Compliance with laws and regulations is a major objective of internal control, which must see that the means for assuring regulatory compliance are available. This control is provided by the Ethics and Compliance Committee (CEC). Within the Internal Control department, the Regulatory Compliance Officer is responsible for ensuring that the decision-making departments (Technical Regulations, Legal, Environment, etc.) have reliable procedures in place to guarantee regulatory compliance. The Legal department provides support and assistance in this respect.

The Regulatory Compliance department has developed a method to assess existing procedures, approved by the CEC. This method has been applied to a list of regulatory areas selected with the Legal department. In parallel with this assessment of the organization and processes in place, the Regulatory Compliance Officer and the Legal Compliance Officer work with each decision-making department to rank the severity of the risk of regulatory non-compliance. (see "Risk factors" in section 1.6.1.1).

The system as a whole is managed by the internal monitoring procedure of the Regulatory Compliance department.

### 1.5.2.4 Management of activities

The internal control system aims to ensure the proper functioning of the internal processes implemented, using a framework of methods and procedures. The operating processes are guided by QCD (Quality/cost/

delivery) indicators, for which the risks have been analyzed as part of the entity mapping projects, self-assessment questionnaires and performance reviews.

## 1.5.3 Sales Financing: RCI Banque

RCI Banque has an internal and risk management system that complies with banking and financial regulations. This system aims to reduce the probability of risk exposure in the Company by implementing appropriate action plans. This section deals with the following topics:

- organization of the RCI Banque group;
- the general framework for internal control and risk management within the RCI Banque group;
- the bodies and actors involved in internal control and risk management.

### Organization of the RCI Banque group

The organization of the RCI Banque group aims to develop the commercial activities linked to sales financing, to manage transactions with customers and give the support functions a more global mission to support international development. The leadership of this organization, which is based on a mapping of the business' processes, comprises three components:

- the hierarchical line:
  - the Executive Committee of the RCI Banque group, the group's Senior Management body, deploys the policy and strategy of RCI Banque, under the supervision of the Board of Directors,
  - the central Management Committees and Management Committees in the controlled subsidiaries, liaise with the Executive Committee in implementing the operations required to achieve their objectives;
- the functional line, which comprises the functional and activity departments, has the following duties:
  - to define specific policies and operating rules (IT system, Human Resources, financial policy, credit risk management, etc.),
  - to support the operating departments and ensure the proper implementation of the defined policies by said departments;
- monitoring:
  - in accordance with the application of CRD IV and the ruling of November 3 on internal control, group monitoring separates the functions of Chairman and Chief Executive Officer,
  - the Board of Directors is supported by five Board committees: a Risk Committee, a Compensation Committee, an Appointments Committee, a Strategic Committee and an Audit and Accounts Committee.

### General framework for internal control and risk management within the RCI Banque group

RCI Banque has a global internal control system which aims to identify, analyze and manage the main risks identified in relation to the Company's objectives. The RCI Banque group's Internal Control Committee has validated the general framework for this system, which is described in the Internal Control Charter.

This Charter defines the system applicable to the French and foreign companies over which RCI Banque has effective control and specifies in particular:

- the general arrangements for managing internal control;
- the local arrangements for subsidiaries, branches and joint-ventures;
- the special arrangements for various functional areas.

The global internal control system for the RCI Banque group includes three lines of defense:

- line 1 consists of self-control mechanisms for each department and geographical location. These entities are responsible for, among other things, applying existing procedures and performing all related controls in their own area of operations. First line controls include controls integrated into operations/processes and hierarchical controls for compliance of operations with procedures. It covers all main risks;
- line 2 is led by the Permanent Control department and coordinated by the local Internal Controllers – for operational risks – and certain corporate employees – for other risks. Independent of operating units, they check that operations are lawful and compliant, as well as compliance with set limits and associated risk management systems;
- line 3 is conducted by independent oversight bodies (supervisory authorities, specially commissioned independent firms, etc.) and by the RCI Banque group's Audit and Periodic Control department, which implements the annual audit plan approved by the Audit and Accounts Committee. This control ensures that operations are compliant and procedures are respected, assesses the risk level actually incurred and ensures the efficiency and suitability of the permanent control system. In the course of their duties, the statutory auditors assess the internal control of the preparation and processing of accounting and financial information and, where necessary, issue recommendations.

The risk management system covers all the macro processes of the RCI Banque group and includes the following tools:

- the list of major risks for the RCI Banque group for which a coordinator, a level of appetite, alert thresholds and limits ("Risk Appetite Framework") are defined. This list and the Risk Appetite Framework are updated at least once a year in line with the RCI Banque group's business model and strategy;
- the operational risk mapping deployed in all of the RCI Banque group's consolidated subsidiaries identifies major operating risks, which are regularly managed and inspected. These risks are then managed and monitored on a regular basis. This operational risk mapping is updated annually by the functional departments and is assessed by the process owners;
- systems connected to the operational risks which have been put in place for the following risks: risk of non-compliance, internal fraud, outsourcing of essential or important services, money laundering, financing terrorism and corruption;
- the incident database identifies data relating to operational risk incidents so that preventive and corrective measures can be put in place and to create regulatory, steering and management reports. The system sets thresholds for immediately communicating certain incidents to Groupe Renault's Executive Committee, Board of Directors and Ethics and Compliance Committee (CEC), and to the French Prudential Supervisory Authority (ACPR).

## Bodies and actors involved in internal control and risk management

- The **Board of Directors**, as supervisory body, has the following responsibilities:
  - it decides on the Company's business strategy and monitors the implementation, by Executive Directors and the Executive Committee, of supervisory procedures to ensure effective and prudent management,
  - it approves and periodically reviews the strategies and policies for taking on, managing, monitoring and reducing risk,
  - it examines the governance model, periodically assesses its effectiveness, and ensures that corrective action is taken to remedy any shortcomings,
  - it oversees the publication and communication processes and checks the quality and reliability of information due to be published and disclosed by the Company.

As such, the Board devotes at least one meeting a year to a review of the internal control system, in order to sign off on the annual report on internal control submitted to the French Prudential Supervisory Authority (ACPR).

The Board of Directors is assisted in its duties by various committees:

- the Audit and Accounts Committee meets twice a year. It is responsible for preparing, presenting and monitoring the financial statements, overseeing the statutory audit of the separate and consolidated financial statements, monitoring the independence of the statutory auditors, verifying the effectiveness of internal control and risk management systems, reviewing the audit plan and analyzing the audits carried out. The committee took the European audit reform into consideration and adopted an internal procedure for the approval of non-audit services provided by the statutory auditors,
- the Risk Committee meets four times a year. Its role includes examining the risk map and signing off on the definition of risks, and analyzing and authorizing RCI group risk limits in line with the Board's risk appetite and with a view to assisting the Board in terms of oversight. It is also responsible for analyzing action plans in the event that limits or notification thresholds are exceeded, and for examining pricing systems for products and services. In parallel with the Compensation Committee, it also has the task of examining whether the compensation policy is compatible with the Company's risk exposure,
- the Compensation Committee meets three times a year. It examines the compensation of company officers and the head of risk management, and prepares decisions for the Board of Directors concerning individuals who have an impact on risk and risk management. It is also responsible for ensuring compliance with the collective bargaining agreement, defining the principles and rules that govern executive compensation, and conducting an annual remuneration policy review,
- the Appointments Committee meets three times a year. It has the task of recommending directors to the Board of Directors. It is also in charge of the annual review of the Board of Directors, including its structure, membership, gender diversity and breadth of directors' knowledge, skills and experience. It submits nominations to the Board for Executive Directors, the Chief Executive Officer, Executive Vice-Presidents and the Head of Risk Management,
- the Strategy Committee meets four times a year. Its role is to analyze the roll-out of the strategic plan, as well as reviewing and signing off on various strategic projects.

- The **Executive Committee**, the group's Senior Management body, directs the RCI Banque's policy and strategy.

The Executive Committee oversees the group's risk management aided by the following committees:

- the Financial Committee, which reviews the following topics: economic analysis and forecasts, cost of funds, liquidity risks, interest rate risk and counterparty risk in the different areas and subsidiaries of the group. The balance sheet and income statement of RCI Holding are also analyzed to make the necessary adjustments to intra-Group transfer pricing,
- the Credit Committee, which approves commitments exceeding the authorization limits of subsidiaries and the Group Head of Commitments,
- the Performance Committee, for "Customer and Network Risks", which evaluates the quality of customer origination and benchmarks subsidiaries' performance in terms of recovery. Within the dealership network, changes in the outstanding portfolio and inventory turnover are reviewed, together with changes in dealer and portfolio classification,
- the Regulatory and Basel III Committee, which reviews major regulatory changes, prudential supervision and action plans, and validates internal rating models and the associated management policy,
- the Internal Control, Operational Risk and Compliance Committee, which oversees the group's entire internal control system, monitors quality and related procedures, and adapts resources, systems and procedures. It defines, manages and monitors the principles of the operational risk management policy and compliance control system. It also keeps track of action plans. This committee also exists within each subsidiary;

- the Director of the Permanent Control department (Département du contrôle permanent, DCP), who reports to the Risk Management Director, is responsible for the permanent control of organizational compliance and for directing the general internal control system for the entire group. In terms of internal control in the RCI Banque group subsidiaries, the Director of the Permanent Control department is supported by Internal Controllers who report to him/her functionally. The Internal Controllers report hierarchically to the CEO of the subsidiary. The Director of the Permanent Control department is supported by employees within the coordination functions to manage the internal control system within the RCI Banque group departments;
- process owners have been assigned to each macro process and are responsible for preparing and updating first level procedures and controls;
- Regulatory Monitoring Officers are responsible for monitoring, analyzing and informing operational staff of any regulatory changes impacting RCI Banque as part of the compliance control system put in place to ensure good corporate governance;
- the Audit and Periodic Control Director for the RCI Banque group reports to the Chief Executive Officer and is independent of the Permanent Control department. He/she works with the different subsidiaries based on an annual audit plan validated by the Audit and Accounts Committee. Audits result in written reports including recommendations that are submitted to the Internal Control Committee and the Audit and Accounts Committee. The controls performed are also communicated to the Board of Directors. These controls are presented in the annual internal control report, which is submitted to the French Prudential Supervisory Authority (ACPR).

## 1.6 RISK FACTORS

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The Group comprises three operating divisions: Groupe Renault Automotive excluding AVTOVAZ (hereafter known as "Automotive"), the AVTOVAZ group and Sales Financing (RCI Banque group). Each of them has its own risk management system, which is used to keep the risks related to its activities under control.

For Automotive, the global risk management system is based on collaboration between the Risk Management department at head office, operational risk managers in operating entities and projects and expert risk managers within certain business functions and corporate activities. This network of different levels strengthens the risk management system and provides it with the means to be proactive in controlling risks. The methodological framework implemented is described in sections 1.5.1 and 1.5.2, including the classification of risks in use within the Group (Risk Universe).

For the AVTOVAZ group, the risk management system is unique, organized in accordance with Russian legislation and based on methodologies that are the subject of discussions with Groupe Renault with a view to gradual harmonization and increasing maturity. A summary of the main risk factors identified by the AVTOVAZ group is presented in this document.

It should additionally be noted that specific action plans have been put in place, under strict oversight and in connection with Groupe Renault, as preventive measures for the risk of failure of AVTOVAZ group's operational turn-around. These include monthly reviews that integrate detailed and

comprehensive revised forecasts, risk and opportunity updates and any corrections to the operational and financial plans undertaken.

For the Sales Financing segment (RCI Banque group activities), the comprehensive risk management system is organized in accordance with banking regulations (see section 1.5.3). A detailed description of this system is available in the RCI Banque group's Annual Report. In this document, the risk factors and management procedures and principles are briefly outlined.

Lastly, it should be noted that the Group's major risk mapping was updated in 2016 and 2017, in close collaboration with the preparatory work for the Group's new medium-term strategic plan, Drive the Future, so that the plan could, from the moment it was constructed, integrate or trigger the appropriate plans designed to respond to the operational or strategic risks identified.

In this context, this chapter describes the main risk factors currently identified by the Group's operating segments.

Nevertheless, although the risk factors described below are identified by the Group as significant factors that may have a negative impact on its image, its assets, the conduct of its activities and the achievement of its objectives, it cannot be ruled out that other risk factors currently considered insignificant or not identified may in the future adversely affect the Group in an environment in which its activities are becoming increasingly complex and that is changing at an accelerated pace.

### 1.6.1 Automotive risk factors

#### 1.6.1.1 Risks related to strategy and governance

##### Risks related to strategy

###### Risk factors

The Group may be faced with an inability to make changes to its business model so as to anticipate and adapt to potential changes and disruptions in markets and mobility offers.

###### Management procedures and principles

The Group's Mid-Term Plan, Drive The Future, aims to make this risk an opportunity by mobilizing the resources of the Group, the Alliance, RCI Banque, targeted partnerships and acquisitions, to structure a sustainable, electric, autonomous and connected mobility offer.

##### Risks linked to governance

##### Risks linked to regulatory compliance

###### Risk factors

Risks linked to non-compliance with laws and regulations.

###### Management procedures and principles

The Group has a structured approach to analyze the robustness of regulatory compliance over a range of regulated areas defined in collaboration with the Legal department (including "competition", "fraud and corruption", "environment", "health-safety-work environment", "technical regulations", etc.).

This approach is led by the Regulatory Compliance department, part of the Internal Control department, and is monitored by the Ethics and Compliance Committee.

The aim is to ensure compliance with laws and regulations, reduce the exposure of the Company and its executives to risks of criminal, administrative and financial sanctions and protect its image.

The system is based on three types of actors:

- the functional departments that set specifications (Technical Regulations department, Legal department, HSE department, etc.),

provide regulatory oversight in their respective fields, transpose regulatory criteria into internal standards and deploy them within their networks;

- the operational entities ensure regulatory compliance via their processes, based on directives and with the support of the relevant functional departments, in accordance with local regulations;
- the Regulatory Compliance department defines the methods and evaluates the regulatory compliance systems, with the support of the Legal department.

### Risks arising from pension liabilities

#### Risk factors

The risks relating to pensions consist of the additional financing that may be necessary in the light of negative changes in its constituent parameters (workforce, discount rate, inflation, life expectancy) or markets (impact on investments). These vary according to the type of plan (defined-contribution or defined-benefit), in the form of end-of-career indemnities or pension funds.

#### Management procedures and principles

Over the past ten years or so, Renault has closed most defined-benefit plans in its subsidiaries to new entrants and is developing defined-contribution plans that do not incur any other financial commitment than the regular payment of planned corporate contributions.

Note 19 C to the consolidated financial statements provides detailed information on the definitions of the different pension schemes, the associated risk management and actuarial assumptions used, as well as the impact of these schemes on the financial statements.

### 1.6.1.2 Risks related to operations

#### Cross-group operational risks

##### Risks related to geographic location and economic conditions

#### Risk factors

The Group has industrial and/or commercial operations in a large number of countries, some of which could present specific risks: changes in economic conditions, volatility of GDP, economic and political instability, social unrest, regulatory changes, nationalization, debt collection difficulties, fluctuation in interest rates and foreign exchange rates, lack of foreign currency liquidity, and foreign exchange controls.

#### Management procedures and principles

In general, the balance between the Group's sales in the Europe Region and the Regions outside Europe (50.8%/49.2% in 2017) makes it possible to limit the impacts of regional slumps or shock downturns while taking advantage of opportunities.

From an organizational point of view, the Group's activities are divided into five Regions, each headed by a Management Committee composed of representatives of all of the Company's functions and chaired by a Chairman who oversees the Region's business plan to contribute to the performance of the Group, of which he or she is also a member of the

management Board (the Chairman of the Europe Region is a member of the Group's Executive Committee, given the importance of that region for the Company).

All decisions regarding the geographical location of manufacturing operations are taken in a context of an overall Group growth strategy that mitigates the risk of instability through a global industrial approach in order to ensure a diversification of risks. The risk to investments is in principle not hedged, but the risk of non-achievement of objectives is included in the expected profitability calculation. From an operational standpoint, the Group increases local integration on a permanent basis at its production facilities so as to make them more competitive.

With regard to trading flows, the Group hedges against the risk of non-payment for most payments originating from high-risk countries. The main exceptions relate to intra-Group sales, automotive partners and sales in certain countries for which there is no cover. Residual country risk is regularly monitored.

In order to centrally manage the risk of non-payment and put in place hedges on competitive terms, the Group has designed a "hub and spoke" invoicing system. Manufacturing subsidiaries sell their exported production to Renault s.a.s., which sells it on to commercial subsidiaries and independent importers, granting them supplier credit. The associated risk is managed by the parent company. Some sales between countries covered by customs agreements do not use this system, however.

These general principles are illustrated and complemented by specific actions:

#### EUROPE REGION

The Group's activities are dependent on the European market in terms of sales, revenues and profit.

Based on the continuing recovery in the European market, Groupe Renault has:

- defined ambitious strategic goals for market gains focused on customers and profits;
- developed production agreements with its partners (for example, production of the Nissan MICRA in Flins).

#### BRAZIL AND ARGENTINA

The Region continues to manage local macroeconomic risks while preparing for a future recovery.

- all vehicles sold in Brazil and more than 95% of those sold in Argentina are produced in Mercosur countries with high integration rates so as to reduce the impact of exchange rates on the cost of goods sold;
- the Group is seeking to balance trade across production and sales between Brazil and Argentina.

The macroeconomic and political situation in Brazil, which is beginning to show some signs of stabilization, and the recovery of consumption in Argentina have resulted in a significant rebound in 2017.

#### RUSSIA

The Group closely monitors fluctuations in the economic environment and is accompanying a market rebound:

- a dynamic pricing policy reconciles commercial growth with management of foreign exchange movements;
- stronger local integration remains a priority at all production sites;



- the product range is geared towards local production with a new model launched in 2016 (the KAPTUR) and future launches planned.

#### CHINA

The joint-venture set up with Dongfeng in China began manufacturing in 2015. The plant located in Wuhan has a production capacity of 150,000 units per year. In 2017, other joint-venture agreements were signed for the manufacture of Z.E. (zero emissions) and utility vehicles.

### Risks related to natural disasters

#### Risk factors

Natural disasters (earthquakes, storms, floods, etc.)

#### Management procedures and principles

The Group has been working for several years to increase its resilience capacity in the face of natural disasters through regular updates of risk and stakes assessments, protection programs for people and property, monitoring and crisis management systems and business continuity plans.

For example, a specific plan is being rolled out to optimize the treatment plans management for risks of major earthquakes (Chile, Turkey, Romania, Colombia, Slovenia, Morocco, Iran, etc.). This program is based on actions to strengthen buildings and facilities, training of staff on the steps to be taken in the event of an earthquake, the establishment of specific means of communication, the organization of crisis management systems, research and preparation of solutions to ensure business continuity and a customized insurance program.

### Risks related to industrial accidents

#### Risk factors

Fires, explosions and machine breakdowns

#### Management procedures and principles

For many years, the Group has focused on reducing the risk of fires, explosions and machine breakdowns at production sites, engineering and test centers and logistics platforms.

For more than 25 years, the Company has, in consultation with its insurers, put in place an ambitious and rigorous prevention policy that covers personal safety as well as that of property and business continuity.

As a result, most existing industrial plants have achieved a high level of prevention and protection, recognized via the "Highly Protected Risk" (HPR) rating, an international standard awarded by insurance companies that verify the application of prevention and protection rules every year across nearly 50 sites. More than 94% of the insured assets in the industrial, engineering and logistics scope covered by Groupe Renault "property damage and business interruption" insurance program have been awarded the HPR label by the Group's insurance companies, thus attesting to the results obtained. This high degree of control over risks, which is recognized by insurers, has a direct positive impact on the terms at which the Group is able to buy insurance cover.

### Environmental risks

#### Risk factors

The Group's main environmental risks can be broken down into three categories:

- accidental pollution risks: risks of accidental environmental damage as a result of the Company's activity;
- climatic risks: risk of disruption to industrial and logistics activities and damage to Company assets as a result of extreme weather conditions (storms, floods or hail, etc.); the associated risk factors are discussed earlier in this document (risks related to natural disasters);
- risks related to environmental regulations: risks resulting from the Company's failure to take the appropriate measures in response to tightening of regulatory requirements and those relating to standards, in respect of vehicle environmental performance, end-of-life recycling and recovery, or chemical products used in recovery or manufacturing of vehicles or after-sales service.

#### Management procedures and principles

The identification and control of environmental risks are included in the Group's overall risk management system.

Like all CSR issues, environmental issues and associated risks have also undergone a materiality analysis. This identifies and prioritizes them based on their potential impact on the economic performance of the business and their relative importance for its stakeholders. The analysis approach and resulting materiality matrix are described in section 2.1.6.1.

#### ACCIDENTAL POLLUTION RISKS

Environmental risks that could be caused by the Company are prevented using the environmental management system deployed across all Group sites and at all stages of the product life-cycle (see section 2.6.2).

Environmental risks associated with the industrial activities of the Group's suppliers are identified and prioritized through a specific CSR risk classification process. They are managed firstly by distributing the Renault-Nissan CSR Purchasing Guidelines and Renault Green Purchasing Guidelines to the entire supply chain. These guidelines define what the Alliance expects from its suppliers in terms of CSR and Renault's specific environmental expectations. Secondly, suppliers that are most at risk undergo a CSR evaluation process based on the EcoVadis tool and on-site audits, which could lead to corrective action plans (see section 2.3.2).

#### CLIMATIC RISKS

The risks associated with climate events are taken into account in the same way as other natural risks and industrial risks as part of the Group's prevention policy (see "Risks related to natural disasters", "Risks related to industrial accidents" in this chapter).

**RISKS RELATED TO ENVIRONMENTAL REGULATIONS**

The risks and opportunities associated with the tightening of regulations on greenhouse gas emissions, and in particular vehicle CO<sub>2</sub> emissions, are identified as a major competitive challenge for the Company. For this reason, they are monitored through a Worldwide Carbon Footprint key performance indicator and specific product competitiveness targets are set in terms of fuel consumption and CO<sub>2</sub> emissions (positioning of CAFE values in particular). These indicators are reviewed annually by the Group's Executive Committee, with a view to alignment over the short, medium and long-terms. Elements of this strategy and the main results to date are presented in section 2.6.3.1.

Furthermore, the risks related to the effects of climate change and the measures taken by the Company to treat them are also addressed in section 2.6.3.1, in line with the provisions of Law No. 2015-992 relating to energy transition for green growth.

Measures to ensure compliance with regulatory requirements for pollutant emissions and vehicle recycling potential are fully integrated into the development processes leading to the certification of vehicles. In addition, since the end of 2015, Groupe Renault has significantly strengthened and accelerated its efforts to reduce pollutant emissions in customer use. These efforts focus on the Euro 6b diesel range via improvements made to the management of the Exhaust Gas Recirculation (EGR) and NO<sub>x</sub> trap systems deployed progressively on all productions starting in August 2016, and on the development of Selective Catalytic Reduction (SCR) technology for the diesel passenger car range to meet Euro 6d standards (see section 2.6.3.4 "Vehicle use"). At the same time, the Group has put in place enhanced governance of emissions in real driving conditions.

In addition, the Group is taking a voluntary and proactive approach to vehicle end-of-life recycling through its subsidiary Renault Environnement and various research projects (see the paragraphs on "Vehicle end-of-life" in section 2.6.2.2 and the whole of section 2.6.3.2).

Finally, "substance" risk prevention and compliance with the European REACH regulation, or its equivalents in other parts of the world, are ensured at all stages of the product life-cycle. A dedicated organization is deployed for this purpose throughout the Company, and is supported by central expertise hubs and a "substance" standard, which is applied across the entire Company and supply chain (see section 2.7.2).

**Risks related to the development of products & services****Risk factors**

The Group is structurally exposed to a generic risk of inadequacy of its product and service offering to market expectations.

In this context, specific risks related to the enhancement of the technological content of vehicles, the increasingly demanding requirements of customers and markets in terms of energy performance and emissions levels, and the declining market for diesel-engine vehicles are identified in particular.

**Management procedures and principles****Product definition and development**

The definition of the Group's future products is based on customer studies and analyses of automotive competitors, so that market expectations and developments and industry trends can be identified. It is also increasingly informed, on a global scale, by anticipatory technology watch by all of the Group's development stakeholders, of the automotive industry and beyond (consumer electronics for example).

The development of new models or bodies is decided on the basis of this work and an assessment of expected profitability, calculated over the projected life-cycle, based on:

- income: sales volumes, market shares and price forecasts;
- costs: project entry ticket, projected unit costs.

Wherever reference assumptions are strongly questioned (declining markets, segments or volumes, higher investment or unit costs), the Group may have to recognize impairment on fixed assets (investment and capitalized development expenses, depreciated over the life of the vehicle) or recognize a provision to cover the contractual indemnities to be paid, if any, due to the failure to meet a minimum purchase volume.

In concrete terms, the Program departments manage the project risks and in particular simulate the projected impacts of changes in assumptions, which they present, at each development milestone, to the Group's Senior Management in order to highlight project resilience to environmental changes and decide on possible countermeasures to address identified risks.

From a more general perspective, to ensure the robustness of the product plan and keep risks under control, the Group:

- maximizes the distribution of the same model in different markets, which reduces its exposure to possible fluctuations in one of these markets;
- offers a varied, balanced Product portfolio that meets customer expectations in different segments and markets, so as to reduce the risk of dependency on a single market, segment or customer type;
- offers a varied engine portfolio (petrol, diesel, electric, etc.) to meet customer expectations in different markets and be resilient to potential changes in the engine mix.

The medium-term plan Drive the Future notably strengthens the Group as regards this last point, through the introduction of new gasoline, electric and electrified engines, also contributing to the management of the risk of decline in the markets for diesel-engine vehicles. These new engines form an integral part of the panoply of technologies used to build a competitive response to the increasingly stringent demands of different markets in terms of energy performance and pollutant emissions.

**Development of services**

The development of service offerings is mainly based on the analyses conducted by the Market Intelligence department, the Group Sales & Marketing department, the After-Sales department and RCI Banque. Initiatives carried out by a country's operational departments, in particular the Sales & Marketing department France or RCI Banque, are capitalized so that they can be extended and shared internationally.

A specific approach to B2B customers is led by the Business division of the Group Sales & Marketing department and is aimed at integrating a global offer of mobility-related services that encompasses connectivity, fleet-Asset Management, financing, after-sales, or car-sharing solutions.

A coordinating committee between the Group Sales & Marketing department and RCI allows for regular monitoring of these initiatives at the highest level of management.

## Purchasing risks

### Supplier risks

#### Risk factors

Supplier default.

#### Management procedures and principles

Supplier risk management is a crucial issue, in particular because of its major contribution to the cost price of the Group's vehicles.

The Group applies a precise risk control system concerning all aspects of the supplier relationship: design and development – manufacturing, logistics and quality – economic and financial sustainability.

Supplier risks are controlled using five main systems:

- a **prevention policy** aimed at making suppliers responsible for their own risks, particularly with regard to the supply chain;
- **the use of** Renault-Nissan standards for design, validation and specification compliance for products under development;
- **processes to detect non-compliance** in the quality of delivered parts and their traceability;
- **permanent monitoring of supplier risks** in relation to operations, finance and corporate social responsibility;
- a **system to implement action plans** in the event that supplier non-compliance or risk is detected.

This control also involves several dedicated departments: a Supplier Risk Management and Control department and a network of financial analysts. These departments work closely with the operational purchasing managers of the Renault Nissan Purchasing Organization (RNPO).

#### PREVENTION AND DETECTION

In addition to the prevention and detection of risks "subject to human control", the prevention policy also covers risks "beyond human control", such as natural disasters. Renault and Nissan are rolling out a Business Continuity Plan program (assessment of alternative solutions and resumption of production).

With regard to operational risks, prevention is carried out as follows:

Risks linked to the compliance of products designed and developed by suppliers are managed via the Alliance New Product Quality Procedure (ANPQP), to which all suppliers must comply. Capacity risk management in the manufacturing supply sector is based on an Alliance Data Repository process with a two-year horizon.

Control of the quality of mass-produced products is based on a management system common to Renault and Nissan based on the model of ISO TS 16949.

Other economic and operational risks are anticipated through annual multi-criteria rating of suppliers that assesses the quality of shareholding and management, the competitiveness of sites, their investment capacity, technological risks, and strategy and commercial dependence on major customers.

Financial risks are monitored by a network of analysts who assess the risk of default by suppliers using a common grid of Renault-Nissan criteria. They compare their conclusions with scores from rating agencies, scores from Banque de France and recommendations from credit insurers, etc.

#### RISK MANAGEMENT

Supplier and supply risks are presented to and discussed by Purchasing Risk Committees. These committees exist at Group level and for each local Purchasing department. These multi-disciplinary bodies, in which all the functions affected participate (financial, legal, audit, logistics, communication, public affairs and Human Resources) are chaired by the Purchasing department.

The Purchasing Risk Committee determines the action plans to be implemented in collaboration with suppliers in order to reduce their risks, improve their competitiveness and ensure the long-term security of the supply chain.

## Raw material risks

#### Risk factors

The risks identified concern:

- potential restrictions on the supply of raw materials due to a mismatch between supply and demand (market dynamics), sourcing issues or geopolitical reasons;
- the prices of materials, for which variations can be large and sudden, with no guarantee that increases can be recovered in vehicle sale prices.

#### Management procedures and principles

Certain raw materials used in the automotive industry are considered strategic since any restriction in the supply chain could impact production and other conditions. In order to keep internal management bodies informed in this regard, a strategic area of expertise called "Energy and Raw Materials Strategy" was put in place by the Group in 2010.

In particular, Groupe Renault has developed a methodology to objectively classify the critical nature of raw materials based on:

- price change risks:
 

Renault uses several means to guarantee price stability over the financial year. The first consists of contracting purchasing prices at fixed prices over periods covering several months for materials not indexed on the financial markets. The second is to hedge risks linked to indexed materials.

In order to closely monitor changes in raw material prices and examine future trends, a joint Alliance ad hoc committee, the Raw Materials and Currencies Committee (RMCC) has been tasked with defining the guidelines to be used as a reference.

In addition, a Raw Materials Operational Committee deals more specifically with operational problems relating to the purchasing of raw materials for Renault.
- risks related to supply and impact for Renault in view of its product strategy:
 

The evaluation uses objective criteria to rank these risks by type and scale. These might include supply and demand scenarios for the materials concerned, the number of actors producing the materials and their exposure, and Renault's capacity for recycling and replacing them

if necessary. This criticality matrix has identified materials to which Renault is exposed, enabling strategies to be defined upstream to secure the resources.

The Group has been recognized for its commitment to the development of channels to recycle materials from the dismantling of end-of-life vehicles. All of these operations help secure the Group's supplies of materials (recycled polypropylene, aluminum, copper, platinum, palladium, rhodium, etc.). They are led by Renault Environnement, in particular through its subsidiary INDRA (a joint-venture with Suez Environnement): collection and processing of parts and materials, through its subsidiaries Gaia (automotive sector) and BCM (metal waste), innovative partnerships, etc.

The expertise developed by Renault on criticality analysis methodology has become a benchmark. The Group remains strongly involved in associated national and international initiatives through cross-functional "sector" committees alongside public authorities. This enables a holistic, forward-looking approach to risk management, with public authorities providing support for priority actions.

## Risks related to the in-bound supply chain and manufacturing

### Risk factors

The Group is exposed in a significant way to the risk of a disruption in the supply chain of its production sites, which could lead to interruptions in manufacturing and, ultimately, the delivery of vehicles.

The main drivers of these risks are either internal, in particular because of the interdependence underlying the Group's industrial network, or external (supplier site production that is insufficient or interrupted, failures in supply or transport systems) and can themselves be a result of the occurrence of events (such as natural events, industrial accidents, social unrest, etc.) or a lack of available capacity.

### Management procedures and principles

#### Prevention

The implementation of prevention of risks related to disruptions in the supply chain is the responsibility of specialized teams in the Alliance Supply Chain. These teams rely on the sizing, planning and anticipatory management systems of production capacities (Group factories, logistics platforms, critical supplier sites) and transportation, which constantly integrate the Group's visibility on commercial demand and projected evolution and prioritize the most strategic parts and vehicles to guarantee the Group's industrial and commercial performance

In addition, regular coordination of supplier reliability, along with audits and security missions, is conducted in partnership with the Supply Chain Quality department. Furthermore, a "Supply Security" unit, together with the Purchasing department and plants, provides security in relation to at-risk suppliers, in particular through the establishment of strategic inventories.

Finally, IT processes and tools are being reinforced and deployed in the Group's various entities. The development of advanced digital tools for Risk Sensing and Risk Mitigation in particular has been planned in the context of the Supply Chain function digital transformation program.

#### Protection

The protection system relies on:

- business continuity plans and specific action plans in the event that a risk is detected by one of the actors in the supply chain (suppliers, shippers, industrial sites), on the one hand;
- the coverage of major risks by specific insurance programs (mentioned elsewhere in this chapter), on the other.

## Risks related to distribution

### Risk factors

The financial health of the independent dealer networks, distributors of the Group's new vehicles and spare parts, is an important issue with regard to the Group's commercial strategy. Default by dealers could have a major impact on sales levels, both at country and region level.

### Management procedures and principles

The financial health of dealerships is monitored by Renault and RCI Banque in countries in which the latter operates. A dealer rating system is used to prevent and limit the risk of default.

In other countries, Renault puts in place a credit monitoring system. The subsidiaries also actively foster the network's productivity to proactively manage this risk.

Monthly meetings of the Risks Committees are organized at country level, with RCI Banque, and a Risk Monitoring Committee meets at head office if the risk level justifies increased monitoring, based on periodic reporting of the financial health of the network and receivables.

Default risk is transferred to RCI Banque in those geographical Regions in which RCI has special purpose vehicles to carry risk arising on the network and personal customers. If RCI Banque cannot handle this risk, the Group either carries it directly or transfers all or part of the risk to local banks.

A reporting system was introduced as part of the credit management system, including indicators for monitoring Automotive's trade receivables.

These tools improve the monitoring and management of payment terms and help manage customer risk and portfolio quality more effectively.

## Insurance programs covering operational risks

Within Groupe Renault, protection against operational risk has two facets:

- high-impact, low-probability risks are transferred to the insurance and reinsurance markets;
- common risks that are statistically known and whose financial impact can be predicted are provisioned by the Group, unless there is a legal requirement to insure them.

The Insurance department conducts negotiations and directly entrusts financially solvent insurers with worldwide programs. It is actively involved in defining the Group's prevention and protection policy. For example, it promoted enhanced protection for vehicle storage depots exposed to natural hazards such as storms and hail, using appropriate means, such as nets or roofing comprising photovoltaic panels. The risk prevention

policy for manufacturing is additionally described in the chapter "Industrial accidents".

As such, the nature and scope of cover is determined via a preliminary risk analysis of operating entities. This approach is used for the following types of risk:

- "transportation and storage of vehicles in depots": the Alliance buys a capacity of €295 million per claim with a deductible of €100,000 per claim for damage caused to vehicles in depots and €45,000 per claim for land transportation;
- "property damage and operating losses": the Alliance buys a capacity of €2.25 billion per claim (€1.75 billion for 2016) with sub-limits on certain types of guarantees, particularly natural disasters and machinery breakdown (consequential operating losses are assessed at Group level). Deductibles for the Group's manufacturing activities may amount to €5 million per claim; Mitsubishi joined the Alliance program in April 2017;
- "civil liability": the Group purchased a capacity of €260 million to cover general civil liability and civil liability for products and repairs carried out by Renault Retail Group sales subsidiaries; in addition, specific Environmental Liability coverage of €30 million was purchased.

Renault's insurers partially reinsure these global programs with Motor Reinsurance Company (MRC), a captive reinsurance company wholly-owned by the Group. Renault's policy is to reinsure high-frequency risks (whose occurrence is statistically predictable) through its captive reinsurance company, and only call upon outside insurers for low-frequency risks whose economic impact justifies spreading the risk on the insurance market. This policy has made it possible to limit the increase in the cost of insurance services provided by third parties in a tense environment, particularly for Natural Disasters risks.

MRC mainly operates as follows:

- "transportation and storage of vehicles in depots": MRC covers up to €15 million per incident with a maximum annual commitment of €25 million;
- "property damage and consequential operating losses": up to €15 million per incident, with a maximum annual limit of €15 million;
- "civil liability": up to a maximum annual commitment of €2.3 million.

MRC also covers loss on Group employee benefit schemes for up to €7.5 million per year.

Finally, some risks, such as defects covered by manufacturer's warranties and vehicle recall campaigns, are not insured.

The reasons for keeping deductibles high include the Group's consistent policy of prevention, and a desire to make each risk-bearing entity more accountable.

### 1.6.1.3 Risks related to cross-group functions

#### Financial risks

#### Liquidity risks

##### Risk factors

Automotive must have sufficient financial resources to finance the day-to-day running of the business and the investment needed for its expansion. For this, Automotive borrows regularly from banks and on capital markets to refinance its gross debt and ensure its liquidity. This creates a liquidity risk if markets are frozen during a long period or credit is hard to access.

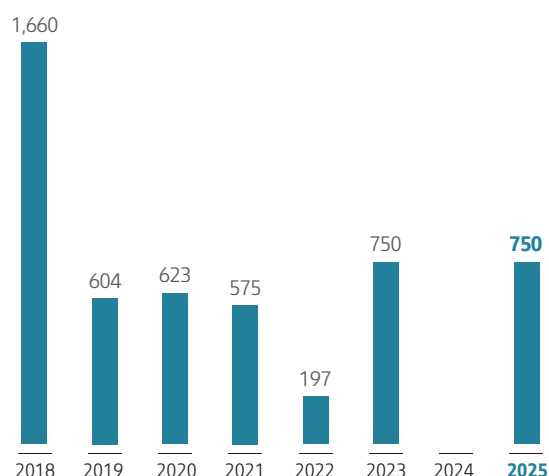
##### Management procedures and principles

Under its centralization policy, Renault raises most of the refinancing for Automotive in the capital markets, mainly through long-term financial instruments (bonds and private placements), short-term financing such as commercial paper, or in the form of financing obtained from public or parastatal institutions.

To this end, Renault has an EMTN Bond program for a maximum of €7 billion, an issue program under the Shelf registration scheme on the Japanese market for the sum of ¥200 billion and a NEU CP program for a maximum of €1.5 billion. The contractual documentation covering these financing arrangements, including bank finance, does not contain any clauses that could affect the continued supply of credit as a result of changes in either Renault's credit rating or its financial ratios. Some types of financing, particularly market financing, are covered by standard market clauses (*pari passu*, negative pledge, cross default).

A maturity schedule of Automotive's financial liabilities is presented in note 23-C to the consolidated financial statements.

#### ● RENAULT – MATURITY SCHEDULE FOR REDEMPTION OF BONDS, BANK AND EQUIVALENT DEBT FOR THE AUTOMOTIVE DIVISION (EXCLUDING AVTOVAZ) AT DECEMBER 31, 2017<sup>(1)</sup>



(1) Nominal amounts valued at December 31, 2017 in million euros.

Renault also has confirmed credit lines with banks, none of which had been drawn in 2017. They constitute a liquidity reserve for Automotive (see note 23-C to the consolidated financial statements).

Their contractual documentation does not contain any clauses that might adversely affect credit availability or continuation as a result of a change in Renault's credit rating or financial ratio compliance.

In view of its available cash and confirmed credit lines not drawn at the reporting date, Automotive has sufficient financial resources to honor its commitments for the next 12 months (see note 25-B1).

### RENAULT'S RATING

Agency	Rating	Outlook	Revision	Previous rating
Moody's	Baa3/P-3	Positive	15/01/2018	Baa3/P-3 outlook positive
S&P	BBB/A-2	Stable	17/11/2017	BBB-/A-3 Positive
Fitch	BBB/NR	Stable	28/11/2017	BBB-/NR Positive
R&I	BBB+	Positive	21/11/2016	BBB+/Stable
JCR	A-	Stable	09/12/2011	BBB+/-

Any downgrade in these ratings could limit and/or increase the cost of access to capital markets.

### Foreign exchange risks

#### Risk factors

Automotive is exposed to currency fluctuations through its industrial and commercial activities. This risk is monitored or centralized within the Automotive Cash management and Financing department.

#### Management procedures and principles

Foreign currency transactions are carried out by Renault Finance on currencies tradable on international markets.

Exchange rate fluctuations may have an impact in six Group financial aggregates (see note 25-B2 to the consolidated financial statements):

- operating margin;
- working capital requirement (WCR);

- net financial income;
- share in the net income of associated companies;
- shareholders' equity;
- net financial debt.

**Operating margin:** Automotive's main exposure to currency risk relates to the operating margin, which may be affected by exchange-rate fluctuations in operating flows. Currency hedges must be formally authorized by the Finance department or Senior Management. Once such hedges have been put in place, their results are reported to Senior Management. The Group estimates that, based on the structure of its results and its operating cash flows for 2017, a 1% appreciation in the euro against all other currencies would have an impact of -€46 million on its annual operating margin.

### RENAULT – ANNUAL NET AUTOMOTIVE OPERATING CASH FLOWS IN FOREIGN CURRENCIES AT DECEMBER 31, 2017 AND IMPACT ON THE OPERATING MARGIN

The main exposure in 2017 concerned the pound sterling, amounting to a sensitivity of around -€13 million for a 1% rise in the euro. The ten main exposures in absolute value and their sensitivities are presented below, in millions of euros:

	Currency	Annual operating flows	Impact of 1% appreciation in the euro
Pound sterling	GBP	1,359	-13
Argentina peso	ARS	1,059	-10
US dollar	USD	951	-9
Russian ruble	RUB	839	-8
Polish zloty	PLN	707	-7
Algerian dinar	DZD	612	-6
Turkish lira	TRY	-562	6
Romanian leu	RON	-733	7
Japanese yen	JPY	-803	8
South Korean won	KRW	-977	10

**Working capital requirement:** like operating margin, WCR is sensitive to exchange-rate fluctuations. Currency hedges must be formally authorized by the Finance department or Senior Management. Once such hedges have been put in place, their results are reported to Senior Management.

**Net financial income:** the key principle of the Group's management policy is to minimize the impact of currency risk on net financial income. All the Group's exposures to foreign exchange risks on financial result items are aggregated and monitored by the central Cash management team, with monthly reporting to the Chief Financial Officer.

Investments by Automotive subsidiaries are partly financed through equity injections. Other financing requirements are usually met by Renault SA in local currency. Foreign currency funding provided by Renault is hedged in the relevant currencies, thereby ensuring that exchange rate fluctuations do not distort net financial income.

When local circumstances prevent Renault from refinancing a subsidiary under reasonable conditions, that subsidiary may call on external sources of funding, under the control of the Renault's Central Cash management department. Where external financing in non-local currencies is necessary, it is closely monitored by the parent company. Cash surpluses in countries that are not part of the parent company's centralized cash management are generally invested in local currency, under the supervision of the Group's Central Cash Management department.

Renault Finance may also engage in foreign exchange transactions for its own account within strictly defined risk limits. Its foreign exchange positions are monitored and valued in real time. Such proprietary transactions, intended chiefly to maintain the Group's expertise on financial markets, involve only very short-term exposures that do not exceed some tens of millions of euros, such that they avoid any material impacts on Renault's consolidated results.

**Share in the net income of associated companies:** on the basis of its contribution to 2017 net income, a 1% rise in the euro against the Japanese yen would have decreased Nissan's contribution by €28 million.

This impact corresponds only to the impact of the euro on the conversion of Nissan's contribution to the consolidated statements of Groupe Renault; it doesn't reflect the inherent impact of euro fluctuations on Nissan's own accounts, given that Nissan does a more or less significant level of eurozone business that Renault has no control over.

**Shareholders' equity:** equity investments in currencies other than the euro are not usually hedged. This may lead to translation adjustments, which the Group recognizes in shareholders' equity. However, given the size of the investment in Nissan, Renault's share in Nissan's net worth has been

partially covered by a specific foreign exchange hedge (see note 12-H to the consolidated financial statements).

**Net financial debt:** as stated above, a portion of Renault's financial debt is denominated in yen in order to cover part of the Company's investment in Nissan. A 1% increase in the value of the euro against the yen would reduce the Automotive division's net debt by €13 million. Moreover, Automotive net financial debt may be affected by currency fluctuations on subsidiaries' financial assets and liabilities denominated in their home currency.

*(An analysis carried out to measure the sensitivity of financial instruments to currency risk can be found in note 25-B-2 to the consolidated financial statements).*

## Interest rate risks

### Risk factors

Interest rate risk can be assessed in respect of debt and financial investments and their payment terms (*i.e.* fixed or variable rate). *(Detailed information on these debts and their nature is set out in note 23 to the consolidated financial statements).*

### Management procedures and principles

The interest rate risk management policy for the Automotive division is based on two principles: long-term investments are generally financed at fixed rates, while liquidity reserves are generally established at floating-rates. Fixed rate borrowings are generally maintained at fixed rates while the yield curve is close to zero and the hedging ratio of floating-rate assets to floating-rate liabilities remains stable.

Yen-denominated financing to hedge Nissan's net position is taken out at fixed-rate.

A maturity schedule of Automotive's financial liabilities can be found in note 23-C to the consolidated financial statements. As far as possible, Automotive's available cash is pooled centrally by Renault SA. It is then mainly invested in short-term bank deposits through Renault Finance.

Renault Finance also trades for its own account in interest rate instruments within strictly defined risk limits. The resulting positions are monitored and marked to market in real time. This activity carries very little risk and has no material impact on the Group's results.

*(An analysis carried out to measure the sensitivity to interest rate risk can be found in note 25-B-3 to the consolidated financial statements).*

**AUTOMOTIVE FINANCIAL ASSETS AND LIABILITIES (EXCLUDING AVTOVAZ) BY MATURITY AND TYPE OF RATE AT DECEMBER 31, 2017 (EXCLUDING RENAULT PARTICIPATORY SHARES)**

(€ million)		Less than 1 year	More than 1 year	Total
	Fixed-rate	273	0	273
	Floating-rate	12,351	0	12,351
<b>FINANCIAL ASSETS</b>		<b>12,624</b>	<b>0</b>	<b>12,624</b>
	Fixed-rate	2,207	3,382	5,589
	Floating-rate	1,846	374	2,220
<b>FINANCIAL LIABILITIES BEFORE HEDGING</b>		<b>4,053</b>	<b>3,756</b>	<b>7,809</b>
	Fixed/floating-rate	419	228	647
	Floating/fixed-rate	6	175	181
<b>HEDGINGS</b>		<b>425</b>	<b>403</b>	<b>828</b>
	Fixed-rate	1,794	3,329	5,123
	Floating-rate	2,259	427	2,686
<b>FINANCIAL LIABILITIES AFTER HEDGING</b>		<b>4,053</b>	<b>3,756</b>	<b>7,809</b>

**Counterparty risk****Risk factors**

In managing currency risk, interest rate risk and payment flows, the Group enters into transactions on the financial and banking markets for the placement of its surplus cash which may give rise to counterparty risk.

**Management procedures and principles**

Management of counterparty risk incurred by Group entities is fully coordinated and uses an internal rating system based mainly on counterparties' long-term credit ratings and equity. This system is used by all Groupe Renault companies exposed to counterparty risk. Some Group companies have significant exposure to counterparty risk owing to the nature of their business. These companies are monitored daily to ensure that they comply with authorized limits by counterparties, in accordance with specific procedures.

The Group produces a consolidated monthly report covering all its bank counterparties, organized by credit rating. This report provides a detailed analysis of compliance with limits in terms of amount, term and type, as well as a list of the main exposures.

Deposits are made essentially with major network banks, generally for periods of less than 90 days, in order to spread risks and mitigate systemic risk.

In 2017, the Group suffered no financial loss as a result of the failure of a banking counterparty.

**Quality risks****Risk factors**

Quality or general product safety crises, insufficiently competitive quality of products and services or customer satisfaction

**Management procedures and principles**

In order to control the risks related to the quality or physical integrity of road actors, starting with the users of its products and services, the Group put in place, in addition to the quality assurance mechanisms, an organizational structure and activities referred to as Operational Reliability and General Product Safety. There are several kinds of activities:

- risk analysis starting from the design phase with the use of a panel of tools such as FMECAs (Failure Mode, Effects and Criticality Analyses) and/or fault tree analyses;
- "safe" design with the implementation of safety concepts (diagnostics, information correlation, redundancy, etc.). Note that the application of ISO 26262 (functional safety of Electrical and Electronic systems) today constitutes the methodological reference for the functional safety of automotive systems;
- creation of safety documentation for certain solutions, in particular for safety or innovation issues;
- convergence actions for plant compliance;
- customer information through operating instructions and warnings in the vehicle.

In addition, the Group has set up a market monitoring system that allows it to very quickly learn about sources of customer dissatisfaction with quality and to act accordingly through such measures as recall processes for the correction of quality problems, especially those that could have potential safety consequences.

Finally, it should be noted that, more generally, the medium-term plan Drive the Future includes a reinforcement of anticipatory and preventive quality assurance systems and processes implemented in the development of the Group's products and services so as to improve their performance and robustness.



## Human Resources risks

### Risk factors

Employee health, safety and integrity.

### Management procedures and principles

As part of each activity (engineering, manufacturing, sales and after-sales), Groupe Renault is committed in the identification and prevention of occupational health and safety risks.

Guidelines:

- a corporate HSE division was created in 2016;
- one health and safety management system for the whole Groupe Renault;
- 10 mandatory safety rules implemented at all sites;
- a strong health and safety coaching and audit program to support all Renault sites;
- key performance indicators focused on health and safety priorities and shared at all levels.

A dedicated HSE division has been tasked to support all sites in the implementation of the Health and Safety Corporate Policy, based on the dynamism of an international network of Health and Safety professionals and experts.

The process is enhanced by the strong involvement of management at all level and by its support for Health and Safety initiatives.

All sites implement the same 10 Mandatory Safety Rules declined in 74 Key Requirements. The application is periodically evaluated by audits and sites receive appropriate coaching and support in order to perform continuous improvement.

All sites in all activities are focused on the implementation of the 10 mandatory safety rules in order to reduce and eliminate accidents. The common goal in the Company is that everyone impacted by our activities goes home safe & well.

## Risks related to data processing

### Risk factors

The Group's business depends on a permanent basis on the smooth running of its IT systems. The main risks that could adversely affect the Group's IT systems are related to:

- incidents that could affect service continuity in the data center, which contains the servers and applications;
- cybercrime: global computerized attacks or attacks targeting the Group's interests or, as a side effect, national interests. Such attacks may aim to steal or alter sensitive data (i.e. confidential or personal information), cause a denial of service or bring down the Group's intranet;
- non-compliance with IT standards or practices required by legislation, external authorities or contracts with suppliers.

These risks can have a significant financial impact in the form of penalties or business interruption. They can also have an impact on trust in the Group and its brands and/or lead to a loss of competitive advantage.

### Management procedures and principles

Risks are controlled, in particular, through the following:

- **at operational level:**
  - deployment of the Group's Information Management Policy and by continuous enrichment of the process of defining security requirements according to the level of criticality of the applications and data handled,
  - coordination of a global network of IT security experts in charge of implementing the Group's IT security policy and rolling out best practices Group-wide,
  - regular upgrades to the protection of the Group's IT network, access to which enables the use of resources by suppliers, partners, and the dealership network, and by entities located in the countries where the Group operates,
  - compliance checks carried out jointly by Renault's Information Systems department, the Protection and Prevention department, the Internal Audit department and the Internal Control department,
  - awareness-raising activities for employees and partners;
- **at organizational and governance level:**
  - an IT Risks Committee chaired by the member of the Group Executive Committee (GEC) responsible for IT risk, and coordinated by the Group IT Security department,
  - Governance Committees coordinated by the Group IT Security department, which carry out inspections at operational level to check the effective application of IT security procedures, in line with the Information Systems Security Policy and best practices.

Given the Group's main business trends, its digitalization and changing threats, the major actions to optimize risk management are currently focused on the following aspects:

- enhanced protection of our digital borders, systems and sensitive data, whether stored on our intranet or in the cloud by partners and/or suppliers;
- reinforced monitoring of the Group's intranet;
- consideration of the new requirements of the General Regulation on the Protection of Personal Data applicable in Europe from May 2018; the Group has also been involved in the work carried out by the French Data Protection Authority (CNIL), which led to the publication in October 2017 of the "connected vehicles" compliance package;
- the implementation of a "records management" policy to reinforce the selective and secure storage of documents, in particular digital documents, which are of interest to the Group in the medium and long-term;
- the establishment of a strategic area of expertise covering connected vehicle cybersecurity and its involvement in international standardization and research work;
- strengthening of insurance coverage for cybersecurity.

## Legal risks

### Risk factors

Groupe Renault is exposed to the following four main types of legal risks:

- **Legal and regulatory changes**

Due to its international activity, Renault is subject to a number of complex and dynamic legislations, particularly in the fields of automotive, environmental, competition, labor law, etc.

Although Renault monitors this situation, a change in legislation or regulations having a significant impact on the Group's financial position, business or results cannot be ruled out. Moreover, the authorities or courts may also change the application or interpretation of existing laws and regulations at any time.

- **Identified risks arising from non-compliance with contractual commitments**

Identified risks arising from non-compliance with contractual commitments are, where applicable, described in the section on disputes, governmental or legal proceedings and arbitration.

Renault is not aware of any other identified risks arising from non-compliance with contractual commitments that could have a significant impact on its financial position or profitability;

- **Disputes, governmental or legal proceedings, arbitration**

Renault is involved in various governmental, legal and arbitration proceedings as part of its activities in France and internationally.

To the best of Renault's knowledge, over the last 12 months there has been no dispute or governmental or legal proceeding other than those described below or arbitration process underway or likely to occur and that could have a significant impact on its financial position, activities or results.

It should be noted that, concurrently with the works of the independent technical commission ("Royal" commission), the Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (DGCCRF) conducted investigations concerning the automotive industry. These investigations concerned the practices relating to Nitrogen Oxides emissions (NO<sub>x</sub>) of a dozen car manufacturers selling diesel vehicles in France, including Renault. The DGCCRF decided to communicate its conclusions relating to Renault on this matter to the public prosecutor who, on January 12, 2017, opened judicial investigations against Renault on the ground of "deceit in respect of the material qualities and on the checks carried out, these facts having led to the products being harmful to human and animal health". Renault contests the existence of any infringement

and intends to prove its compliance with French and European regulations in the legal investigation. Moreover, Renault, which at this stage is not a party to the proceeding, is therefore not in a position to assess the possible impact of this ongoing proceeding on the Group.

- **Intellectual property**

Renault uses various patents, trademarks, designs and models. Each year, Renault files several hundred patents (see section 1.4), some of which are the subject of fee-paying licenses granted to third parties. The Group may also use patents held by third parties under licensing agreements negotiated with those parties. As such, Renault is exposed to various intellectual property risks.

Groupe Renault's performance depends in particular on the robustness of the legal framework protecting its patents and other intellectual property rights. For example, Renault cannot guarantee that its intellectual property rights will not be misused or contested by third parties. Such misuse or claims could have a negative impact on the Group's activity, results and image.

### Management procedures and principles

With regard to legal and regulatory changes, Renault requires its subsidiaries to respect the regulations in the countries in which the Company operates. Renault is in constant dialog with the national and regional authorities responsible for regulations specific to the Automotive segment, in order to anticipate changes and ensure the Group's compliance with laws and regulations.

All disputes, governmental or legal proceedings and arbitrations are subject to regular review, particularly at year-end. After seeking the opinion of the appropriate advisers, the Group sets aside any provisions deemed necessary to cover the estimated risks (see note 20 A "Provisions" to the consolidated financial statements).

Finally, in general, the internal control of legal risks is organized around three guiding principles:

- management of the Group's legal function, which is organized around a central function and employees in the Group's main countries. These employees report on a hierarchical and/or functional basis;
- employees of the legal function are proactive in anticipating legal risks upstream and adapting the corresponding procedures (advisory consultations, information from the central legal function, etc.);
- regulatory monitoring by Groupe Renault in collaboration with the different countries concerned.

## 1.6.2 Risk factors for the AVTOVAZ group

The main risk factors identified by the AVTOVAZ group teams are presented below. At this stage, the way they are categorized still uses a methodology specific to the Group.

A more detailed description of these risk factors, which includes the associated treatment plans, can be found in the AVTOVAZ group's annual report.

### Operational risks

- Risks linked to purchasing.
- Risks linked to manufacturing (quality, industrial accidents, natural disasters, etc.).
- Risks related to the sales of vehicles, spare parts and accessories (revenues, customer default, etc.).

### Financial risks

- Liquidity risks.
- Foreign exchange risks.
- Interest rate risks.

### Legal risks

- Risks linked to tax legislation.
- Risks linked to customs regulations.

Finally, it should be noted that the AVTOVAZ group has established and currently deploys a policy of covering operating risks through insurance programs, in accordance with the Russian legal framework and in synergy with the relevant Alliance insurance programs.

## 1.6.3 Risk factors linked to sales financing (RCI Banque SA)

As indicated in section 1.5.1.2, the operational sector "Sales Financing" (RCI Banque) has its own risk management system that complies with banking and insurance regulations. Under banking regulations, RCI Banque has been supervised by the European Central Bank on a consolidated basis since January 1, 2016.

### 1.6.3.1 Risks linked to the Company's environment

#### Geographical risks

##### Risk factors

RCI Banque has operations in several countries. It is therefore faced with risks linked to activities pursued internationally. These risks include, in particular, economic and financial instability, and changes in government, social and central bank policies. RCI Banque's future results may be negatively impacted by one of these factors.

##### Management procedures and principles

RCI Banque's geographical locations are chosen, in the framework of its growth strategy, to support manufacturers, and take into account the risks of instability which are inherent to a global approach.

The scope of the financial policy extends to all of RCI Banque's consolidated subsidiaries, including those whose refinancing is not centralized.

Subsidiaries located in a country outside the eurozone for which RCI Banque deems the currency transfer and convertibility risk to be significant (in particular Brazil and Argentina) are generally refinanced locally to limit any cross-border risk or is subject to specific insurance (e.g. in Russia).

#### Risks arising from economic conditions

##### Risk factors

RCI Banque's credit risk is dependent on economic factors, particularly the rate of growth, the unemployment rate and household disposable income in the countries in which the RCI group has operations.

##### Management procedures and principles

In a complex economic environment, RCI Banque has put in place systems and procedures that respond to the legal and regulatory obligations that correspond to its banking status and allow it to globally apprehend all of the risks associated with its activities, by reinforcing the management and control systems.

#### Risks linked to the regulatory environment

##### Risk factors

Regulatory measures might have a negative impact on RCI Banque and the economic environment in which the RCI Banque group operates.

##### Management procedures and principles

The RCI Banque group has procedures that enable it to gain an overall insight into regulatory developments referring to its activities and to ensure that the Group complies with the various regulatory requirements.

### 1.6.3.2 Cross-group operational risks linked to sales financing

RCI Banque is exposed to risks of loss arising either from external events, or from inadequacies and failures of its processes, personnel or internal systems. The operational risk to which RCI Banque is exposed mainly includes risks linked to events that are unlikely to occur but that would have a significant impact, such as the risk of business interruption due to unavailability of premises, staff or information systems.

#### Management procedures and principles

RCI Banque has a procedures management tool, an internal delegation system, guidelines for segregation of duties and an operational risk map.

Operational risks are assessed annually by process owners within all Group entities and monitored at three levels:

- level 1: managers regularly check that operations comply with procedures;
- level 2: Internal Control teams check the level of compliance and adequacy of operational checks;
- level 3: the Internal Audit regularly controls the most critical risks.

These risks are managed by fostering risk awareness within the Group.

There are three risk categories: legal and contractual risks, fiscal risks, and IT risks.

#### Legal and contractual risks

##### Risk factors

Any legislative changes impacting credit lending, insurance and related services at the point of sale or through other channels, as well as regulatory changes affecting banking and insurance activities might impact the activity of the RCI Banque group.

##### Management procedures and principles

RCI Banque conducts legal analyses on newly distributed products and regularly monitors the regulations to which it is subject in order to ensure compliance.

#### Fiscal risks

##### Risk factors

Due to its international exposure, RCI Banque is subject to several national fiscal legislations, which are susceptible to changes that could impact its activity, financial position and results.

##### Management procedures and principles

RCI Banque employs a tax monitoring system and keeps abreast of tax issues relating to its activity.

#### IT risks

##### Risk factors

The RCI Banque group's business depends in part on the smooth running of its IT systems.

The IT department at RCI Banque addresses IT-related risks (infrastructure risks, change management, data integrity, cybercrime, etc.) through its governance, security policy, technical architecture, processes and control of outsourcing.

##### Management procedures and principles

Risks are controlled, in particular, through the following:

- integration of IT risk management into the overall RCI risk management and control system at all levels of the Company;
- the level of IT network protection at the Group level;
- coordination, monitoring and day-to-day management of the Group's Information Management Policy;
- safety training and awareness-raising for all employees (e-learning, communications, etc.);
- the actions, support and controls carried out by the RCI Risks, Compliance and IT Systems Security department, which rely on a network of IT security officers in each subsidiary's IT Systems department, as well as a network of internal controllers;
- a Group IT systems security policy that integrates regulatory requirements (banking, personal data, etc.), a global management approach and continuous adaptation of IT systems security;
- an increasingly stringent intrusion testing and surveillance policy;
- a management system for the disaster recovery plan (DRP) in place and regular tests of the system.

### 1.6.3.3 Credit risks

##### Risk factors

Credit risk relates to the risk of losses due to the incapacity of RCI Banque customers to fulfill the terms of a contract signed with the Company. Credit risk is closely linked to macro-economic factors.

##### Management procedures and principles

RCI Banque uses advanced scoring systems and external databases, when this information is available, to evaluate the capacity of retail and business customers to fulfill their commitments. It also uses an internal rating system to evaluate lending to dealers. RCI Banque constantly updates its acceptance criteria to take into account the existing economic conditions.

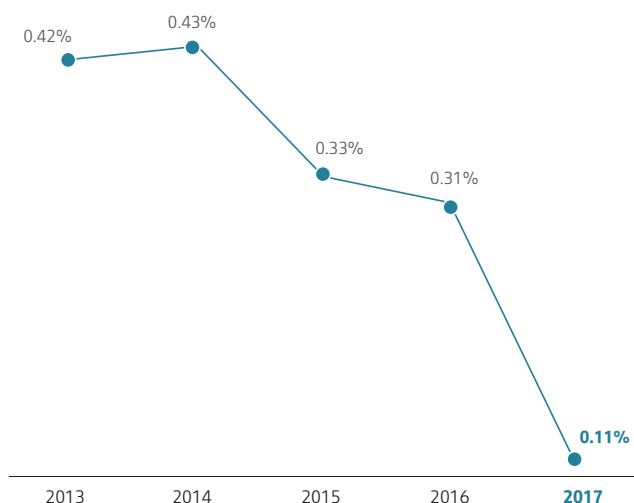
The Group has detailed management procedures that it applies in all relevant countries and which notably include debt recovery processes.

## Management of customer risks

The customer credit risk prevention policy aims to ensure that the cost of risk objectives fixed as part of the budgetary process for each country and each of its main markets (new and second-hand vehicle customers for retail customers, and business customers) are met. The acceptance criteria are adjusted and the tools (scores and other rules) are regularly optimized for this purpose. The methods or strategies used for the recovery of outstanding or default loans are also adjusted based on customer type and the difficulties encountered. The contract may therefore be terminated prematurely when there is a risk that the loan may not be recovered in the very short-term.

### ● COST OF RISK ON AVERAGE PRODUCTIVE ASSETS

(including country risk)



NB: Ratio of losses recognized or provisioned during the financial year following default by borrowers to average loans outstanding across the whole portfolio.

### Policy for granting loans

Customers who request financing are systematically graded. This facilitates an initial assessment of the file as part of the decision-making process. In addition to the operational process, the acceptance criteria are regularly updated based on the default rate and profitability analysis, which is based on the probability of default and loss in the event of default. The principles for identifying clients and beneficial owners as part of anti-money laundering and terrorist financing procedures are applied each time.

### Recovery

The advanced statistical models used in the calculation of regulatory capital requirements (risk-weighted and expected loss) allow a monthly update of the probability of default measured at the time of the grant, through the integration of the customer's payment behavior. These updates, which

provide good visibility of the losses expected on the portfolio as part of the budget process, are also increasingly used as a tool for anticipating the activity of amicable and litigious recovery platforms. Using the same customer information, recovery scores have been introduced in Spain, South Korea and Brazil to detect at-risk profiles and make the process more efficient.

### Dealer network risk management

The policy to prevent credit risks within the network aims to ensure that objectives relating to the cost of risks, fixed as part of each country's budget, process are met.

For each subsidiary, network customers are monitored on a daily basis using short-term indicators, which, together with long-term indicators, allows any issues that might present a risk of partial or total non-recovery of the debt to be identified upstream.

The Network Financing department establishes the risk control procedures centrally. Customers who are identified as at risk are classed as supervised, pre-alert or alert and are reviewed by the subsidiaries' Risk Committees.

In terms of the network, all counterparties are systematically scored. All of the sections that constitute the rating, or the rating itself, are integrated into the key operational processes for acceptance, management and monitoring of activity and risks. The provisioning of the network financing business is based on the categorization of the counterparties both individually and by examining target impairment indicators.

Probabilities of default and expected losses from "Basel" tasks for the G5 countries (France, Spain, Germany, United Kingdom and Italy) are used in the provisioning system.

## 1.6.3.4 Financial risks

### Liquidity risks

#### Risk factors

The Sales Financing business depends on access to financial resources: restrictions on access to liquidity might have a negative impact on its financing activity.

#### Management procedures and principles

RCI Banque must always have sufficient financial resources to ensure the long-term future of its business and development.

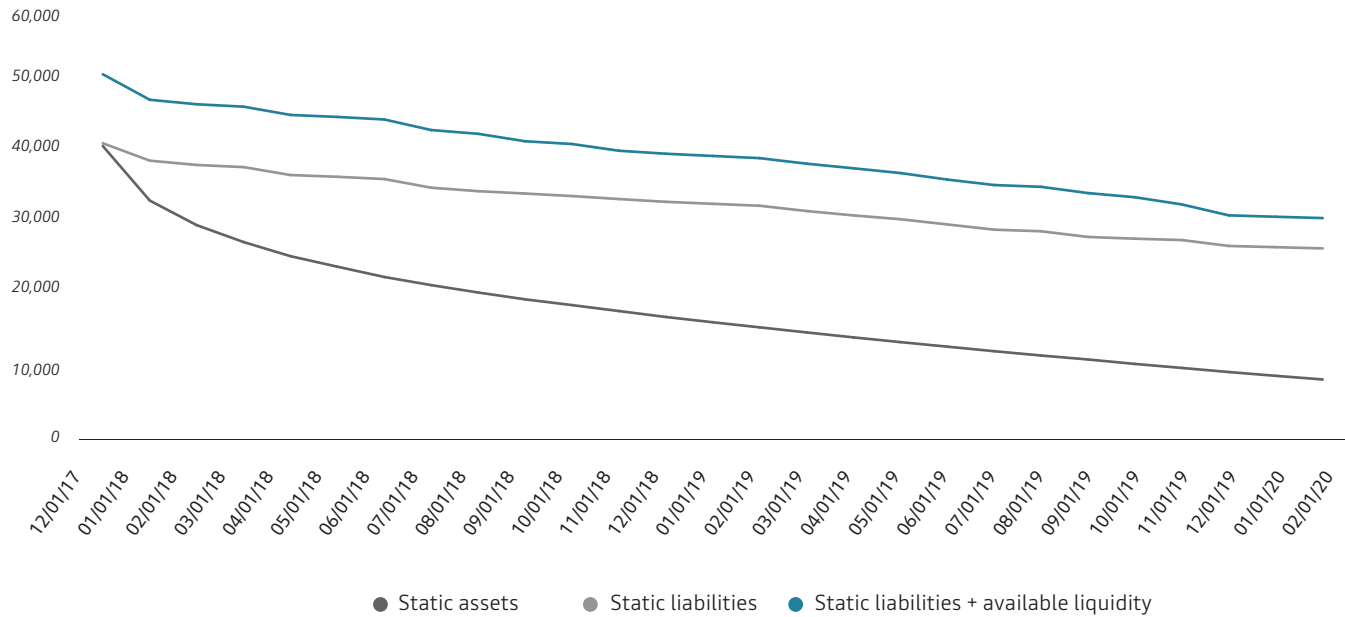
The coordination of RCI Banque's liquidity risk is based on several indicators or analyses, which are updated monthly based on the latest estimates of outstanding loans and the refinancing operations performed. Laws relating to the outflow of deposits are subject to conservative assumptions.

The Group has a framework of indicators and limits for its liquidity risk.

#### ● RCI BANQUE GROUP\* LIQUIDITY POSITION\*

At December 31, 2017

(€ million)

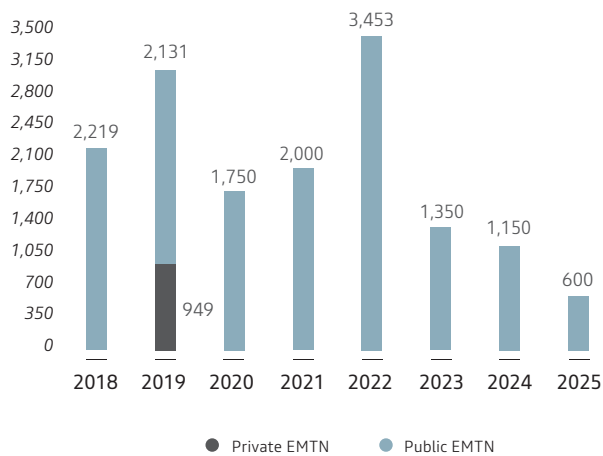


Static assets: assets runoff over time assuming no renewal.  
 Static liabilities: liabilities runoff over time assuming no renewal.

\*Europe scope

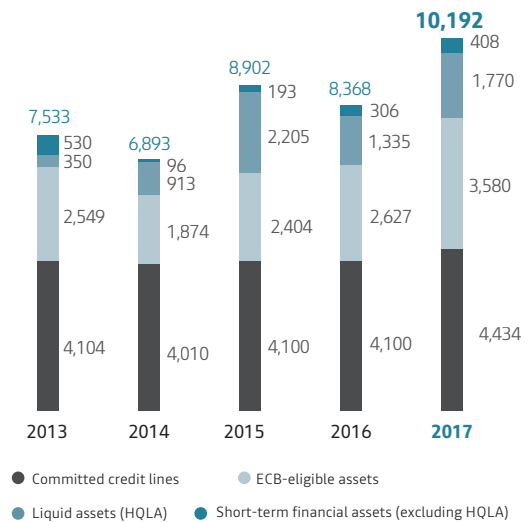
#### ● SCHEDULE FOR BOND ISSUES FROM RCIH AT DECEMBER 31, 2017

(€ million)



#### ● RCI BANQUE GROUP\* LIQUIDITY RESERVE

(€ million)



\* Europe scope.

## RCI BANQUE RATINGS AT DECEMBER 31, 2017

### RCI BANQUE GROUP'S PROGRAMS AND ISSUANCES

The group's issuances are concentrated on seven issuers: RCI Banque, Diac, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co. Ltd. (South Korea), Banco RCI Brasil (Brazil), RCI Finance Maroc (Morocco) and RCI Leasing Polska (Poland).

Issuer	Instrument	Market	Amount	S & P <sup>(1)</sup>	Moody's <sup>(1)</sup>	Other <sup>(1)</sup>
RCI Banque SA	Euro CP program	Euro	€2,000m	A-2 (stable outlook)	P2	REG: A-2 (positive outlook)
RCI Banque SA	Euro MTN program	Euro	€20,000m	BBB (stable outlook)	Baa1 (positive outlook)	REG: BBB+ (positive outlook)
RCI Banque SA	NEU CP <sup>(2)</sup> program	French	€4,500m	A-2 (stable outlook)	P2	
RCI Banque SA	NEU MTN <sup>(3)</sup> program	French	€2,000m	BBB (stable outlook)	Baa1 (positive outlook)	
Diac SA	NEU CP <sup>(2)</sup> program	French	€1,000m	A-2 (stable outlook)		
Diac SA	NEU MTN <sup>(3)</sup> program	French	€1,500m	BBB (stable outlook)		
Rombo Compania Financiera SA	Bond program	Argentinian	ARS 3,000m		Aa1 (stable outlook)	Fix Scr: AA (arg) (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW 1,495m <sup>(4)</sup>			KR, KIS, NICE: A+
Banco RCI Brasil SA	Bonds	Brazilian	BRL 3,157m <sup>(4)</sup>		Aaa.br	
RCI Finance Maroc	BSF program	Moroccan	MAD 1,000m			
RCI Leasing Polska	Bond program	Polish	PLN 500m			

(1) Ratings at 02/19/2018.

(2) "Negotiable European Commercial Paper" (NEU CP), new name for Certificates of Deposit.

(3) "Negotiable European Medium-Term Note" (NEU MTN), new name for Negotiable Medium-Term Notes.

(4) Outstandings.

RCI Banque (Europe scope) also has €4.4 billion of undrawn committed credit lines, €3.6 billion of assets that constitute eligible collateral for ECB monetary policy operations, €1.8 billion of high-quality liquid assets (HQLA) and €0.4 billion of short-term financial assets, allowing RCI Banque to secure the continuity of its commercial business activity for nearly 12 months without access to external sources of liquidity (centralized refinancing scope).

## Foreign exchange risks

### Risk factors

RCI Banque is exposed to currency risks which might have a negative impact on its financial position.

### Management procedures and principles

Sales financing subsidiaries are required to refinance in their local currencies and therefore have no foreign exchange exposure. No foreign currency exposure is allowed in respect of RCI Banque refinancing, the trading room being used to ensure that all flows are hedged.

RCI Banque's residual exposure for other assets and liabilities (e.g. accrued interest not yet due on foreign currency borrowings) is kept at a marginal level for both RCI Banque and Groupe Renault.

At December 31, 2017, the RCI Banque group's consolidated foreign exchange position amounted to €8.3 million.

Lastly, equity and annual earnings for RCI Banque subsidiaries outside the euro zone are themselves subject to foreign exchange movements are not specifically hedged.

## Interest rate risks

### Risk factors

RCI Banque's operating profit may be affected by changes in market interest rates or rates on customer deposits.

### Management procedures and principles

Interest rate risk is monitored daily: sensitivity is calculated by currency, by management entity and by asset portfolio, thus verifying that each entity respects its individual imposed limits. Sensitivity to interest rate risk is measured using the same methodology throughout the entire RCI Banque group. The sensitivity consists of measuring the impact of a 100 bps rise in interest rates on the value of balance sheet flows. The system limits the Group's global exposure and the exposure of each entity.

In 2017, RCI Banque's overall sensitivity to interest rate risk was kept below the limit set by the group (€50 million).

## Counterparty risk

### Risk factors

RCI Banque group is exposed to counterparty risk from its investments of surplus cash, and in its management of currency risk, interest rate risk and payment flows.

### Management procedures and principles

Counterparty risk is managed via a system of limits fixed by RCI Banque, then validated by its shareholder as part of the consolidation of Groupe Renault's counterparty risks. This risk is managed through daily monitoring and summary reports to management.

### 1.6.3.5 Other risks

#### Risks on residual values

##### Risk factors

The residual value is the vehicle's estimated value at the end of its lease. The performance of the used vehicles market can entail a risk for the owner of these residual values, who is committed to taking back the vehicle at the end of its lease at the originally agreed price. This risk is principally borne by the manufacturers or the dealer network and to a marginal extent by RCI Banque. In the specific case of the United Kingdom, RCI Banque is exposed to the residual value risk on finance where it has a commitment to take back the vehicle.

### Management procedures and principles

To minimize this risk, the performance of the used vehicles market is closely monitored, taking into account the manufacturer's product and price policy. This applies particularly in cases where vehicles are reacquired by RCI Banque.

### Risks relating to the insurance activity

#### Risk factors

RCI Banque assumes any risks arising from the customer insurance business and could therefore suffer losses if reserves are insufficient to cover claims made.

### Management procedures and principles

The change in technical provisions for our life and non-life insurance companies during 2017 represented €47 million for €325 million in gross premiums written.

These technical reserves are intended to cover all future obligations taken on by the insurer in respect of insured persons and are determined in accordance with the actuarial principles applicable to the risk profiles of the insured portfolios.

They are periodically reviewed so that their adequacy can be justified at any time.

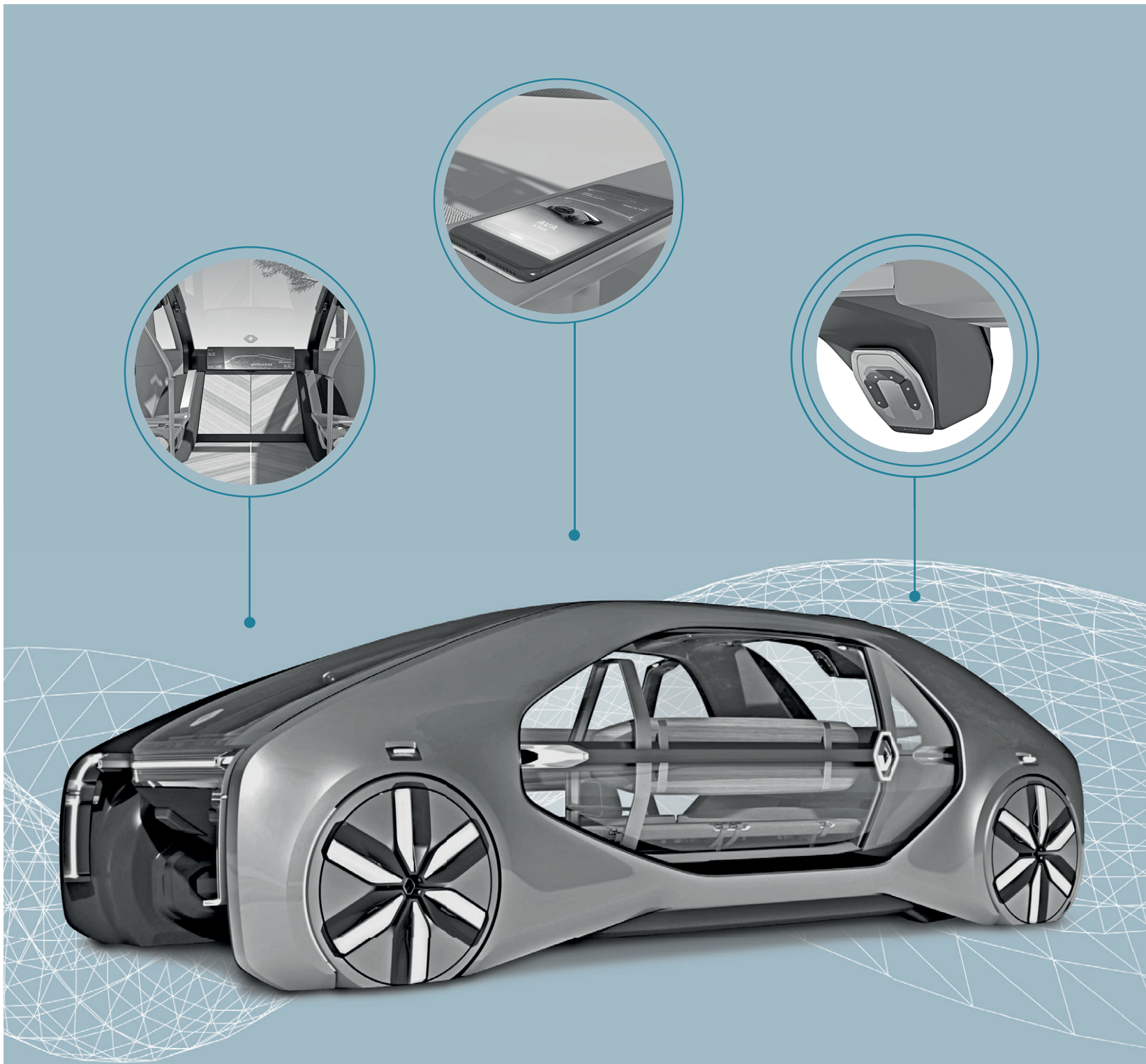
As part of the risk control policy and regulatory requirements, the Group additionally operates strict policy selection, has drawn up underwriting guidelines and uses reinsurance agreements.



## 1.7 POST BALANCE SHEET EVENTS

1

None.



● EZ-GO (Z35.1) - COMPUTER-GENERATED IMAGES

**EZ-GO IS A "ROBO-VEHICLE": SHARED, AUTONOMOUS, DRIVERLESS AND ELECTRIC. EZ-GO IS RENAULT'S VISION OF A FUTURE URBAN AND SUBURBAN RIDE-HAILING SERVICE OFFERING A NEW CONNECTED, PERSONALIZED ON-BOARD EXPERIENCE.**

# RENAULT: A RESPONSIBLE COMPANY

# 02

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The elements of the annual financial report are identified by the **AFR** symbol.

As an industrial or commercial operator with a presence in 134 countries, Groupe Renault operates in an industry which requires major capital investment and infrastructure, and a sizable labor force, and where product development sometimes takes several years.

In a changing world, addressing corporate social responsibility means strengthening business-society relationships on a global scale; taking into account long-term challenges so as to better serve the interests of future generations; and seizing the opportunities offered by new

technologies to develop new services, products or business models. These profound changes are responsible for transforming products and services, distribution methods, internal organization and the value chain, etc.

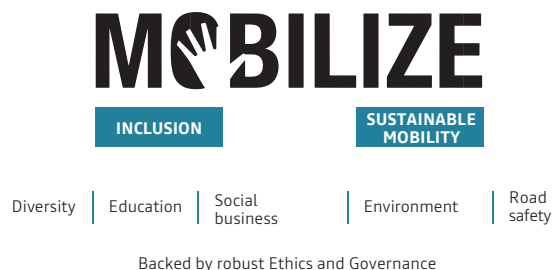
Within this context, corporate social responsibility (CSR) constitutes an innovation management tool for Renault, an opportunity to create value whilst strengthening the Company's acceptance by society and reducing the negative impacts.

## 2.1 MOBILIZE: FOR INCLUSION AND SUSTAINABLE MOBILITY

### 2.1.1 CSR and the strategic plan

Groupe Renault's new strategic plan Drive the Future supports "sustainable mobility for everyone, now and in the future". As part of this vision, the plan's ambitious goals are to benefit the Company's economic health, the employees of the Group, and society as a whole.

In line with this overall plan, the Group's CSR strategy changed in 2017. It is supported by the various departments of the Group, particularly by those in charge of the environment plan and Human Resources. In order to facilitate its adoption, it has been grouped under two headings: inclusion and sustainable mobility. This strategy, called "Mobilize", is accompanied by an invitation for all players to become involved.



As a carmaker and a large international Company, Groupe Renault's commitment to CSR is based on two main areas:

- **inclusion:** for everyone to find their place in society and have the means to develop themselves. The Company considers that **diversity** in its employees is essential, seeing this as a guarantor of mutual enrichment, performance and innovation, to live and work better together. Inclusion is also understood as a means of fighting all exclusion, through our actions within and outside the Company, notably in matters of **education** and training, as well as in the development of **social business**;
- **sustainable mobility:** to enable everyone to travel more safely and with a reduced environmental footprint. For many years, Groupe Renault has been committed to protecting the **environment** through the application of a policy and objectives to reduce its carbon footprint, with the main

drivers being the electric vehicle, the circular economy and new mobility. An ambitious **road safety** policy is also at the core of the sustainable mobility constituent of the strategy. Renault therefore relies on its technical expertise, its international network and a policy of raising awareness on a very large scale.

The objectives and illustrations related to each of these topics are specified further in this chapter.

These two areas are based on robust ethics and governance, mainly through the Group Ethics Charter (<https://group.renault.com/nos-engagements/pour-une-ethique-partagee/charte-ethique/>), responsible purchasing (2.3.2), the implementation of the vigilance plan (2.1.8), and open dialogue with stakeholders (2.1.6).

Thus, on all of these topics, Groupe Renault already implements and applies actions which have proved to be effective and accessible solutions in coping with social, societal and environmental challenges. The issue is now to be able to **roll out the most innovative and efficient local solutions widely**.

- **In the field of inclusion**, it concerns the promotion of all forms of diversity in the Company, access to education and lifelong learning and social business.
- **In the field of sustainable mobility**, it concerns promoting safer driving practices, making 100% electric vehicles accessible, being amongst the first companies to develop new industrial practices arising from the circular economy and supporting the emergence of new forms of mobility.

Through this, Groupe Renault will work on:

- increasing the number of local beneficiaries of its actions;
- increasing the number of countries in which initiatives are implemented;
- mobilizing the entire Group (operational departments and employees so that they take part in the actions implemented) and local ecosystems (customers and partners, suppliers, public authorities, etc.).

## 2.1.2 The Groupe Renault vision

“As a major global Company, we must pay attention to what is going on around us. Our responsibility is to get involved in environmental stakes, as well as in the corporate and societal life of the countries where we operate”.

**The cornerstones of Renault's approach to corporate, societal and environmental responsibility consist in lessening our environmental footprint throughout the "life-cycle", making sensible use of natural resources, protecting the health of road-users, local communities and employees, developing skills, and applying the principle of equal opportunities based on merit. These fundamental principles reflect the Group's capacity for openness to the world and its determination to meet society's expectations.**

Mobility is vital to economic development and social cohesion. In addition to being a source of freedom and pleasure, it serves a practical purpose and promotes social inclusion. But it can also lead to accidents and impact on health and the environment, presenting major challenges on a global scale. Our industry accepts its share of responsibility in improving everyone's quality of life.

The challenge facing Renault – a responsible carmaker and pioneer of sustainable mobility for all – involves developing mobility solutions accessible to the greatest number, designing innovative technologies such as electric vehicles with zero emissions during use, and consuming energy and raw materials frugally. It also involves supporting changes in behavior and practices. Finally, it involves inventing tailored economic models that contribute both to the long-term future of the Company and also to the creation of value for stakeholders.

A Company is above all a group of women and men whose motivation and skills are vital sources of competitiveness. That is why Renault pays close attention to developing its human capital. Throughout the world, we make it a priority to provide a motivating workplace, training courses that are in line with the Company's needs as well as employees' aspirations, and fair rules of recognition designed to boost individual and collective performance. Wherever we operate, we support initiatives to promote education and diversity, both in higher education and among younger people, particularly through our Foundations.

**CARLOS GHOSN, CHAIRMAN  
AND CHIEF EXECUTIVE OFFICER**

In line with our priorities and values, we have set seven goals corresponding to the most demanding international standards of corporate social responsibility (CSR):

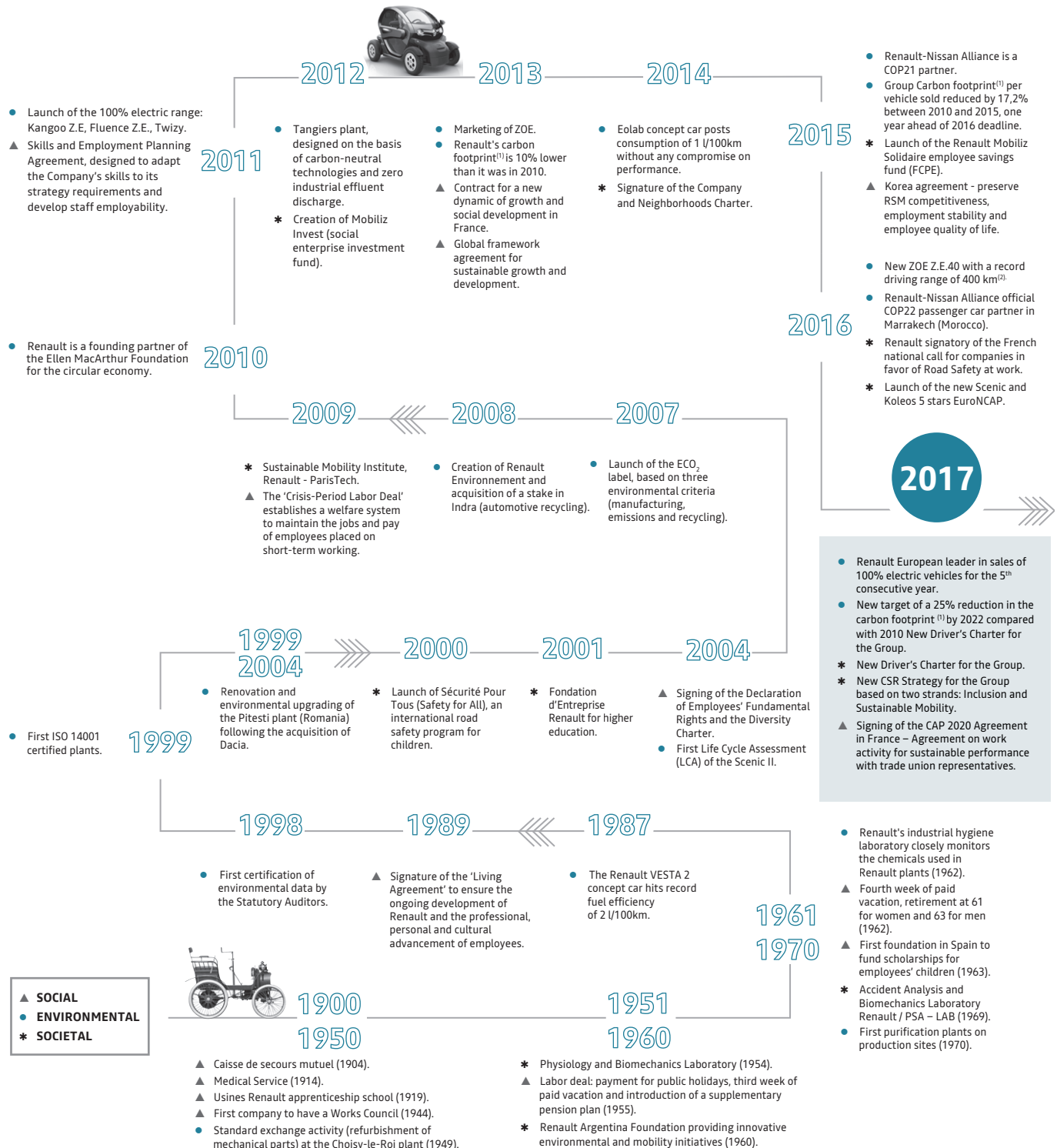
- apply ethical rules strictly at all levels and pursue fair business practices; and guarantee our suppliers' commitment to CSR;
- create motivating employment conditions, in compliance with fundamental rights, that attract and promote employees in all countries; and encourage diversity and equal opportunities;
- ensure employability by developing future skills;
- reduce our environmental footprint throughout the vehicle's life-cycle, and from one generation to the next, by incorporating the principles of the circular economy into our processes, products and services;
- contribute to public health objectives: to reduce road deaths, particularly in developing countries, and do our utmost to protect the health of employees, users and local communities;
- offer innovative mobility solutions that are available to as many people as possible;
- support responsible economic and social development in the countries where we operate by pursuing initiatives in the fields of education and access to mobility that are aimed at local communities.

### Our objective

**We want to ensure that sustainable mobility is a driver for worldwide development and progress for everyone.**

### 2.1.3 CSR, a deep-rooted tradition

Well before the appearance of the concept of sustainable development, Renault acted responsibly in relation to the societies and ecosystems within which it operated. We therefore present a non-comprehensive snapshot of the social, societal and environmental actions of the Company.



(1) Carbon footprint per vehicle sold worldwide, throughout the life cycle of vehicles. See methodological note and scope in 2.9.2.1.  
 (2) Using the standardized NEDC certification cycle, i.e. 300 km of real and suburban use.

## 2.1.4 CSR governance

The CSR sectors report to the Chairman and Chief Executive Officer or a member of the Group Executive Committee (GEC) and are coordinated by three operating entities that design and implement policies and associated objectives, identify and manage risks and opportunities, enter into dialog with stakeholders and lastly handle reporting and communication:

- the Corporate Social Responsibility department is responsible for an interdisciplinary and partnership approach to CSR throughout the value chain, societal actions and innovations;
- the Human Resources department is responsible for optimizing allocated resources, skills development, employee involvement and social dialog;
- the Strategy and Environmental Planning department is responsible for environmental issues to be included in the Company's strategy. It aims to reduce the environmental footprint and the health impacts of activities, products and services over the life-cycle and introduce circular economy business models to boost the Company's medium- and long-term competitiveness.

Individually or jointly, depending on the cross-functional nature of the subjects, these three operational departments bring issues relating to strategic orientation before the decision-making bodies at CEO or Group Executive Committee member level. These departments then roll them out

within the Company through the programs, Regions and functions, using internal networks and by developing external partnerships if necessary.

The Human Resources (HR), Environment and CSR functions also contribute to corporate programs to manage ethics. They are among the 10 business-lines represented on the Ethics and Compliance Committee, coordinated by the Ethics department. They also take part in the Audit, Risk and Ethics Committee (CARE), one of the specialized committees of the Board of Directors.

The three departments analyze and map the major risks identified by the Risk Management department, notably those associated with CSR practices in the supply chain, health and working conditions, substance risk, availability of and price variations in raw materials, damage to the environment and people in the event of malfunctions in the facilities operated by the Group.

Following its materiality analysis, since April 2016, the CSR department has organized a Positive Impact Committee (PIC) with 20 members, which meets four times a year and represents the main departments and functions of the Group, to promote a common vision and action plans. It coordinates the management of the various departments' extra-financial issues and helps to identify new opportunities.

## 2.1.5 Guidelines and standards

Groupe Renault complies with international standards designed to support or regulate businesses' corporate social responsibility practices. The Group factors these principles into its policies and implements them in accordance with internal guidelines.

The main reference texts are:

- the 10 principles of the Global Compact, adopted at the initiative of the United Nations and signed by Renault on July 26, 2001. The Global Compact refers to the Universal Declaration of Human Rights, the International Labor Organization (ILO) Convention, the Rio Declaration at the first Earth Summit and the UN Convention Against Corruption;
- the Global Framework Agreement covering social, societal and environmental responsibility, signed on July 2, 2013 and based in particular on ILO standards and ISO 26000, as well as its roll-out to suppliers (see the text box in section 2.4.4.1);
- ISO 14001 for environmental management, ISO 14040 and 14044 for the life-cycle assessment of vehicles, ISO 14021 for the definition of recycled materials and the GHG Protocol for the reporting of greenhouse gas emissions;
- the Group's Ethics Charter in all its forms, approved by the Renault Board of Directors on October 3, 2012;
- ISO 9001 (all Groupe Renault manufacturing sites are ISO 9001 certified);
- IATF 16949, which is the automotive industry's quality management standard. Groupe Renault is one of the nine carmaker founders of the IATF World Wide (the standard's owner).



We reaffirm our commitment to respecting the founding principles and promoting the universal values of the Global Compact. Tackling corruption and making progress in the area of corporate social responsibility is a continuous improvement challenge.

Mindful of our global footprint and the diversity of our stakeholders, we strive for responsible, sustainable mobility that is inclusive, accessible and preserving the planet. This is the commitment we have made to the women and men of Renault, to our suppliers, to our subcontractors and to our partners.

Together we can build a better world. For present generations and for future generations.

Carlos Ghosn

## Our contribution to the sustainable development goals

As an international player, Groupe Renault has decided to embrace the major global challenges identified by the United Nations in 2015 through the 17 sustainable development Goals (SDGs).

From an evaluation of CSR actions at different levels (Group, country, site), it can be seen that Groupe Renault makes a significant contribution in at least six key areas.



### 3. Good health and well-being: Ensure healthy lives and promote well-being for all at all ages

Particularly in terms of road safety, social protection and air quality:

- 3.6. By 2020, halve the number of global deaths and injuries from road traffic accidents.
- 3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
- 3.9. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

The associated policies and actions can be found in sections 2.4, 2.6 and 2.7.



### 4. Quality education: Ensure inclusive and quality education for all and promote lifelong learning

Particularly through access to higher education for all:

- 4.3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.
- 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- 4.5. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.
- 4.b. By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.

The relevant policies and actions can be found in sections 2.4 and 2.5.



### 8. Decent work and economic growth: Promote inclusive and sustainable economic growth, employment and decent work for all

Particularly concerning the protection of workers' rights, working conditions and their protection:

- 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

The policies and actions can be found in sections 2.2.2.1 and 2.4.



### 10. Reduced inequalities: Reduce inequality within and among countries

- 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 10.3. Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

The relevant policies and actions can be found in sections 2.4, 2.5 and 2.8.



### 12. Responsible consumption and production

- 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.
- 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life-cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.a. Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

The relevant policies and actions can be found in sections 2.1.8 and 2.6.



### 13. Climate action: Take urgent action to combat climate change and its impacts

- 13.2. Integrate climate change measures into national policies, strategies and planning.

The relevant policies and actions can be found in section 2.6.



## 2.1.6 Stakeholder dialog

With its *Drive the Future* strategic plan, which aims to make sustainable mobility accessible to all, Renault has endorsed a human-centric vision of cars in the service of society. Consistent with its vision, Renault maintains open and constructive dialog with stakeholders, using a range of materials

and tools. Because expectations differ, Renault strives to conduct this dialog not only on a global level but also more locally by responding to the questions and needs of customers and local residents. There are many forms of dialog, which are constantly changing.



Stakeholders	Key CSR stakes (materiality matrix)	Main players by degree of closeness	Modes of dialog and communication from most to least direct	Highlights of 2017
Customers	<ul style="list-style-type: none"> <li>Road user safety</li> <li>Vehicle safety</li> <li>Connected and/or autonomous vehicles</li> <li>Vehicle carbon footprint (full life-cycle)</li> <li>Sustainable cities (including urban mobility and congestion) and Smart Mobility</li> <li>Cyber security and data privacy</li> <li>Product and service affordability (including social business)</li> <li>Product and service physical accessibility</li> <li>User health</li> </ul>	<ul style="list-style-type: none"> <li>Retail and business customers</li> <li>Sales network and importers</li> <li>Road users/general public</li> <li>Consumer groups</li> <li>Within the framework of social business: welfare or employment providers</li> <li>Volunteers, retirees or external players</li> </ul>	<ul style="list-style-type: none"> <li>Services and direct dialog in the sales network</li> <li>Customer Relations department (including requirements studies)</li> <li>Training/awareness-raising initiatives</li> <li>Certification, product ratings (EuroNCap)</li> <li>Media</li> <li>Internet site</li> </ul>	<ul style="list-style-type: none"> <li>In 2017, Garages Renault Solidaires set up a dedicated website to enable the program to support customers better.</li> <li>Whenever a new Renault or Dacia vehicle is launched, decision support forms are sent to the French fire service.</li> <li>New electric and hybrid vehicles are designed with fireman access to the battery to ensure the safety of passengers and first responders.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee health &amp; safety and work environment</li> <li>Responsible management</li> <li>Diversity and equal opportunities</li> <li>Compensation and benefits</li> <li>Skills management</li> </ul>	<ul style="list-style-type: none"> <li>Individual employees</li> <li>Managers</li> <li>Employee representative bodies</li> </ul>	<ul style="list-style-type: none"> <li>Local management (including annual performance review)</li> <li>Policies/Guides (environment, health/safety, etc.)</li> <li>Social dialog: establishment, country, Groupe Renault Works Council</li> <li>Training</li> <li>Internal communications</li> </ul>	<ul style="list-style-type: none"> <li>Signing of the Renault France disability agreement, internationalization of the Groupe Renault disability policy, through the partnership with Handicap International.</li> <li>The "Groupe Renault Driver's Charter" has been rewritten and widely disseminated in-house.</li> <li>Awareness-raising and road safety training workshops have been conducted on subjects such as seatbelt use and alcohol, cannabis and phone use while driving.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier and dealer relations</li> <li>Resource management and circular economy</li> <li>User health</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Diversified suppliers</li> <li>Industry bodies (CCFA, FIEV, French automotive industry Platform (PFA), Fonds d'Avenir Automobile, former Modernization Fund for Automotive Suppliers)</li> </ul>	<ul style="list-style-type: none"> <li>Circulation of CSR guidelines: Renault-Nissan CSR Purchasing Guidelines, Green Purchasing Guidelines</li> <li>Assessment or direct support to CSR performance</li> <li>Supplier Information Meetings (SIM), conventions</li> <li>Presentations by suppliers to Renault operational staff</li> <li>PFA CSR Charter</li> <li>PFA CSR Committee</li> </ul>	<ul style="list-style-type: none"> <li>8 international agreements, 5 technical exhibitions bringing together 15 suppliers</li> <li>Presentation of awards to suppliers (including 3 for CSR)</li> <li>Launch of the third dialog with stakeholders in the industry</li> </ul>
Investors	<ul style="list-style-type: none"> <li>All stakes in the materiality matrix</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders, employee shareholders, financial institutions</li> <li>Rating agencies/analysts</li> </ul>	<ul style="list-style-type: none"> <li>Seminars, road shows</li> <li>Investor Relations department</li> <li>Internet site and other dedicated publications</li> <li>Responses to rating requests</li> <li>Group Registration document</li> <li>Toll-free number with voice server</li> <li>Dedicated e-mail address</li> <li>Shareholder Consultative Committee since 1996</li> <li>Shareholders' Club since 1995</li> </ul>	<ul style="list-style-type: none"> <li>High subscription rate to the Renault Mobiliz Solidaire mutual savings fund (FCPE) (4,400 employees)</li> <li>New Planetshares website available since July 2017 to enhance communication with shareholders.</li> <li>early 300 shareholders have benefited from the various activities (visits, conferences, breakfasts, etc.) offered by the shareholders' Club.</li> </ul>

# 2

## RENAULT: A RESPONSIBLE COMPANY

MOBILIZE: FOR INCLUSION AND SUSTAINABLE MOBILITY

Stakeholders	Key CSR stakes (materiality matrix)	Main players by degree of closeness	Modes of dialog and communication from most to least direct	Highlights of 2017
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Industrial site safety management</li> <li>Local development and social business</li> <li>Impact of vehicles and industrial sites on air quality</li> <li>Sustainable cities (including urban mobility and congestion) and Smart Mobility</li> <li>Water and waste management</li> <li>Philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>Local residents</li> <li>Elected officials and local authorities</li> <li>Local associations</li> </ul>	<ul style="list-style-type: none"> <li>Partnership/local sponsorship contracts</li> <li>Regional development Charters and agreements</li> <li>Dialog with public authorities and local economic actors</li> <li>Direct dialog and plant tours</li> <li>Procedures for handling complaints from local residents</li> <li>Site environmental leaflets, local media relations</li> </ul>	<ul style="list-style-type: none"> <li>2 new local agreements signed on the Company and Neighborhoods Charter: Yvelines and Nord-Pas-de-Calais. These agreements encourage relationships between the Company and the inhabitants of the said department, with inclusion as the objective.</li> <li>To facilitate the response of the emergency services and allow them to reach victims more quickly, 591 nearly-new vehicles were donated to fire crews for road rescue training in 2017.</li> </ul>
<b>Institutions and associations</b>	<ul style="list-style-type: none"> <li>All societal and environmental stakes</li> </ul>	<ul style="list-style-type: none"> <li>Industry bodies (CCFA, ACEA, ANFAC, etc.)</li> <li>Employers' associations (Medef, Afeq, Business Europe, etc.)</li> <li>Academics and researchers</li> <li>Governments</li> <li>National, European and international legislators</li> <li>Independent authorities (CNIL)</li> <li>NGOs/think-tanks</li> <li>Consumer groups</li> </ul>	<ul style="list-style-type: none"> <li>Partnership contracts (research institutes)</li> <li>Involvement in working groups on topics of public interest or professional federations</li> <li>Responses to public consultations</li> <li>Informal discussions</li> <li>Sector stakeholder dialog</li> </ul>	<ul style="list-style-type: none"> <li>Publication by the Foundation for Nature and Man and the European Climate Foundation of the study on "The electric vehicle in the ecological transition in France"</li> <li>Renewal of the partnership with the Ellen MacArthur Foundation</li> <li>In October, publication of the CNIL compliance pack "connected vehicles and personal data"</li> <li>In Serbia, Renault worked with the government to launch a nationwide "Safety and Mobility For All" scheme in areas with the highest accident rates.</li> </ul>
<b>Future generations</b>	<ul style="list-style-type: none"> <li>Carbon footprint of vehicles</li> <li>Skills management</li> <li>Community and local development and social business</li> <li>Product and service affordability</li> <li>Biodiversity</li> <li>Diversity and equal opportunities</li> <li>Road safety</li> <li>Handing on knowledge for the future</li> </ul>	<ul style="list-style-type: none"> <li>Interns, apprentices and future employees</li> <li>Pupils and students</li> <li>Researchers</li> <li>Young public</li> </ul>	<ul style="list-style-type: none"> <li>Company induction</li> <li>Talks in schools/at Renault sites</li> <li>Education and research programs</li> <li>Awareness-raising programs</li> <li>External events (conferences, seminars, forums, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>This year, the Renault Foundation has trained 70 students of numerous nationalities</li> <li>Establishment of the Chair in Intercultural Management, in partnership with the ESCP Europe Business School.</li> </ul>

### 2.1.6.1 Materiality matrix and mapping of key stakes

To bolster its strategy and CSR performance, Groupe Renault has carried out a materiality analysis. With the support of consultants, the aim of this analysis is to generate a materiality matrix depicting the importance of each stake identified from the point of view of stakeholder expectations and, its contribution to the performance of the business in terms of value creation. Headed by the CSR department, an interdepartmental steering committee supervised the methodological approach (described in Appendix 2.9) and the key stages of the project. The results were then validated by members of the Group Executive Committee.

Divided into three categories (Inclusion, Sustainable Mobility and Robust Ethics & Governance), the 30 stakes identified from international standards, an industry benchmark and a literature review, were validated and positioned in the matrix following discussions with Groupe Renault

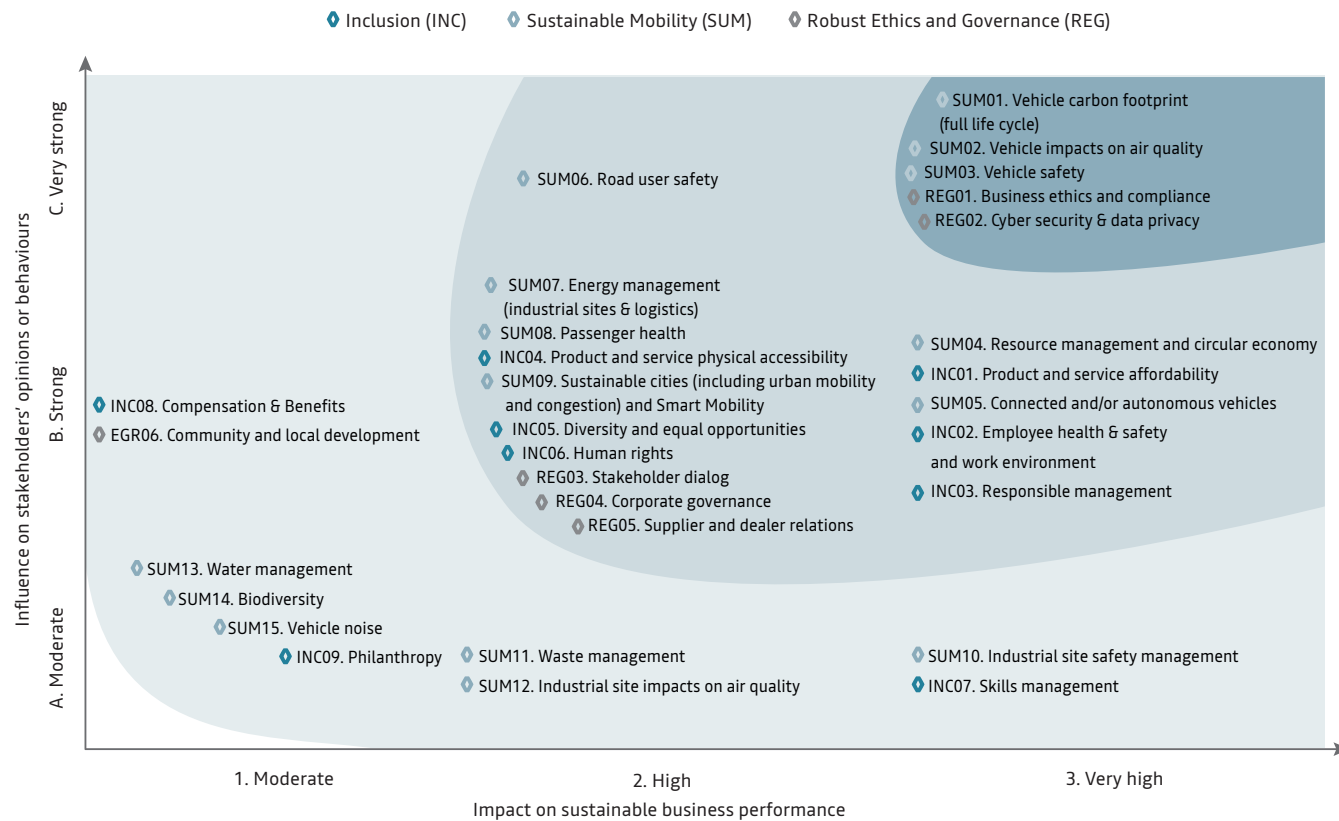
senior executives and representatives of the Group’s stakeholders (employees, customers, investors, suppliers, NGOs, media, environmental and future generations’ representatives, as well as CSR experts).

Although all these stakes are important for the Company and its relationship with its ecosystem, the real value, but also the difficulty, of this materiality exercise is to maintain a discriminating approach to the analysis.

Indeed, it is about providing prioritized and appropriately weighted answers according to the importance of the stakes mapped.



The map identifies five critical stakes (top right-hand box) and 15 major stakes (the three boxes surrounding the critical stakes box):



A table detailing the content of each stake can be found in Appendix 2.9.1

## 2.1.7 Reporting scope and guidelines

The non-financial reporting included in this Registration document has been prepared in accordance with the New Environmental regulations Act (2001), Article L. 225-102-1 of the Grenelle 2 Act of April 24, 2012 on corporate transparency in CSR practices, and Article 173 III-IV of the Act of August 17, 2015 on the energy transition for green growth.

Furthermore, Groupe Renault has chosen to prepare this report in accordance with the “Comprehensive” (self-declared) level of the GRI (Global Reporting Initiative) reporting standards.



To support the change to this “in accordance” level and to reinforce its commitment to transparency and its CSR reporting expertise, Groupe Renault joined the GRI GOLD Community in 2017.

### 2.1.7.1 Verification by independent third party

Groupe Renault has voluntarily asked its statutory auditors to certify the environmental impacts of its main industrial, office and logistics sites since 1999. This verification is done with the same assurance level as for financial data (reasonable assurance). The indicators covered by the reasonable assurance report are listed in note 2.9.3.3.

In application of Article L. 225-102-1 of the Grenelle 2 Act of April 24, 2012, the qualitative and quantitative CSR information presented in this document has been verified since 2012 by an Independent Third Party to ensure its inclusion and fairness (with a moderate level of assurance). The Grenelle 2 cross-reference table is presented in section 2.9.5.

## 2.1.8 Vigilance plan

In accordance with law no. 2017-399 dated March 27, 2017 “on the duty of vigilance of parent companies and main contractors”, Groupe Renault establishes and implements a vigilance plan including reasonable vigilance measures enabling identification of risks and prevention of serious harm in respect of human rights and fundamental freedoms, health and safety of persons and the environment, resulting from its activity and those of its subsidiaries or companies that it controls, directly or indirectly, within the meaning of Article L. 233-16-II of the French Commercial Code. These measures also cover the activities of subcontractors or suppliers with whom an established commercial relationship is in place, when these activities are related to this relationship.

For the implementation of this law, working groups have been established. These groups are led by, respectively, the Purchasing department and the Corporate Social Responsibility (CSR) department and receive contributions from several other departments such as Internal Control, Ethics, Health Safety and Environment, Legal, Environmental Plan, Group Prevention and Protection and Human Resources.

The indicators of the GRI and the principles of the Global Compact are found in appendix 6.4.4.

The scope of this reporting initiative is identical to that of Groupe Renault’s consolidated financial reporting (see section 4.2, note 31 to the consolidated financial statements). When an indicator does not cover the entire scope, clarifications are provided with the indicator.

AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016, is now included. However, the various indicators will be gradually included in the Registration document in line with the Mid-Term Plan. For financial year 2017, it should be noted that indicators relating to employees, employee movement and absenteeism already include AVTOVAZ.

In accordance with the timetable for implementation of the Grenelle 2 Act, this concerns the following companies: Renault SA and its subsidiaries RCI Banque and Renault Retail Group (RRG). The required information is published and checked as follows:

- Renault SA. Publication in the management report, included in this Registration document. Checking of the presence and accuracy of the information published;
- RCI Banque. Publication in the subsidiary’s annual report. Checking of the presence and accuracy of the information published;
- Renault Retail Group. Publication in the management report. Verification of the presence and accuracy of the information published.

The progress of the work is periodically presented at the Ethics and Compliance Committee.

### Groupe Renault

Groupe Renault implements reasonable vigilance measures mainly through the Global Framework Agreement on social, societal and environmental responsibility of July 2, 2013, negotiated and signed with the Group Works Council and the IndustriALL Global Union (“Framework Agreement”). The Framework Agreement is in line with Groupe Renault’s Declaration of Employees’ Fundamental Rights dated October 12, 2004, which it extends. Without being exclusive, it accordingly constitutes one of the frames of reference for the implementation and monitoring of reasonable vigilance measures pursuant to the law dated March 27, 2017.

## Human rights and fundamental freedoms

Groupe Renault has identified the following major risks:

- child labor;
- forced or compulsory labor;
- discrimination in employment and occupation;
- infringements of freedom of association and non-recognition of the right to collective bargaining.

Groupe Renault is committed to respecting the principles set out in the 1998 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work as set out in Conventions Nos. 138 and 182, concerning the age of access to work and the worst forms of child labor, Nos. 29 and 105, on forced labor, No. 111, on non-discrimination in labor relations, No. 100, on equal remuneration for work of equal value, No. 87, on freedom of association and protection of the right to organize, No. 98, on the right to organize and collective bargaining, No. 135, on worker representatives to prevent any form of discrimination because of union involvement. Chapter 1 also refers to ILO Convention No. 158.

To that end, the Group also takes into account the Global Compact adopted by the United Nations, to which Renault has adhered since July 26, 2001. The Global Compact contains universal principles more specifically related to human rights. Groupe Renault has also endorsed the OECD Guidelines for Multinational Enterprises adopted in June 2000 and updated in May 2011 (see sections 2.1.5, 2.4 and 2.4.4.1).

All of these provisions are subject to annual monitoring, carried out jointly by the negotiators of the Framework Agreement, based on indicators (see 2.4.4.2). Under Chapter 6 of the Framework Agreement, an oversight commission made up of only the signatory members and an oversight meeting made up of all signatory members and members of the Group Works Council are organized each year to ensure the implementation of the Framework Agreement and to verify the fulfillment of the commitments made and adaptation of the means to achieve them.

Every three years, this mechanism is supplemented by a global assessment of the application of the Framework Agreement, which examines any adjustment measures that may be needed.

## Health and safety of persons

Groupe Renault, jointly with its stakeholders, has defined reasonable vigilance measures in the Framework Agreement in matters of the health and safety of persons (see 2.4.4.1). This preventive policy in matters of health, safety and the work environment is based on nine general preventive principles and is applied in all of the Group's establishments. All of these provisions are subject to annual monitoring, carried out jointly by the signatories of the Framework Agreement, based on indicators (see 2.4.4.2).

Groupe Renault has for many years been committed to managing, preventing and reducing its employees' exposure to health and safety risks at work. In this context, a central Health, Safety and Environment (HSE) department, set up on September 1, 2016, is responsible for implementing a unique system of management for the Group (see 1.6.1.3).

## Risk mapping

The HSE department undertook to visit numerous sites and departments covering all areas of activity of the Group. These visits led to the improvement of the 10 Mandatory Rules (MR) on safety and the detailing of the associated 74 Key Requirements (KR). These emphasize a broad range of key safety requirements to which Renault is committed in order to reduce risks and improve working conditions: 5S (order, tidiness, cleanliness), work on installations (lock-out/shut-down of power supplies), access to dangerous parts of machines, management of traffic flows (safe sites, safe vehicles, safe drivers), storage and handling of lifting equipment, chemical products, joint-activities, work at height, management of subcontractors, fire prevention, ergonomics, as well as many other issues.

After a period of tests and adjustments, the "10 MR/74 KR" approach was officially launched at the manufacturing conference of March 2017 in Brazil. It applies to all of the Group's business areas: production, logistics, commercial, engineering and service-sector activities.

## Regular evaluation procedures

Groupe Renault has established a roadmap for implementing 10MR/74KR that involves measurable stages of compliance with 10MR/74KR, going from a score of E to a score of A (E being the lowest level of compliance – 0 to 33%, A being the highest level – 90 to 100%). The action plan is constructed so that a new audit or the coaching of sites is a result of their previous score (two months for a site ranked E, four months for a site ranked D, etc.).

Compliance with each Key Requirement is mapped and each department of each site must provide proof that a concrete action plan has been put in place to improve its compliance with 10MR/74KR.

The purpose of this approach is to control and measure the continual improvement in a consistent manner and to simultaneously define the priority issues to be targeted.

Since the official launch of 10MR/74KR, some 100 audits and coaching sessions have been carried out, with a schedule that will continue during 2018.

## Actions adapted to mitigate risks

The definition of action plans forms an integral part of the 10MR/74KR process.

To go further in reducing risks, the HSE department has listed various areas of expertise related to key safety issues (machine safety, ergonomics, fire protection, work at height and traffic-flow safety) that it is developing or is likely to acquire.

In connection with the 74 Key Requirements, the HSE department has also worked on drawing up standards, in order to help the sites in various at-risk activities (lock-out and shut-down of power supplies, robot learning, fastening safety elements using tamper-proof screws, etc.). The technical aspects of these standards and progress on their implementation are reviewed with the Group Health and Safety network during meetings of the business-line clubs and at conventions, as well as during the coaching stages that are systematically associated with the site audits.

In addition, analysis of the outcomes of audits and the percentages of compliance with 10MR/74KR enables identification of standards that are missing and standards that exist but need to be adapted.

The HSE department is also developing risk-evaluation tools dedicated to priority safety areas such as work at height (assessment of risks, work permits and directives), the management of subcontractors, the management of traffic flows, fire prevention and machine security, to mention but a few.

Groupe Renault has also partnered with companies and organizations whose expertise is recognized nationally and/or internationally. Here are a few examples of companies with whom Renault has undertaken risk reduction and continual improvement activities:

- IPAF (International Powered Access Federation) is an organization that promotes best practices in the safe and efficient use of accesses at height worldwide;
- EEF (Engineering Employers Federation) has carried out a series of safety audits in the Renault RRG sales network;
- TÜV SÜD has carried out risk evaluations on equipment belonging to the sales network, such as vehicle lifts;
- PILZ supports Renault in the safe design of new machines alongside the HSE and engineering departments.

### System for monitoring the measures implemented

As well as actions related to the 10MR/74KR, the HSE department performs statistical monitoring of accidents which take place on Renault premises and sets up cross-Company actions to avoid similar accidents occurring.

The overall effectiveness of the action plans is evaluated through changes in the percentage of compliance at 10MR/74KR audits and monthly statistical reports on accident rates shared with the management of the Group (see safety results, paragraph 2.4.3.1).

## Environment

Groupe Renault, together with the stakeholders, has defined reasonable due diligence measures for the environment in the Framework Agreement (see Section 2.4.4.1). This is why Groupe Renault's environmental policy aims to reconcile product and service offerings with environmental protection, to deploy environmental management throughout the Group, eliminate or reduce environmental impacts and organize environmental communication. All of these provisions are subject to annual monitoring, carried out jointly by the signatories of the Framework Agreement, based on indicators (see Section 2.4.4.2).

### Risk mapping

As regards to obligations under the Duty of Vigilance, Groupe Renault has identified the main environmental risk factors that may impact the ecosystems or exposed persons that are a potential result of the Group's activities or the activities of our suppliers and subcontractors. Among these main risk factors, particular attention is paid to:

- the use of water resources (see section 2.6.3.3);
- pollutant discharges into water and the natural environment (see section 2.6.3.3);
- the generation of waste and its management in ad hoc infrastructures, in particular hazardous waste (see section 2.6.3.2);
- the pollution of soil and groundwater (see section 2.6.3.5);
- air pollution linked to the use of chemicals or processes that generate atmospheric pollutants (see section 2.6.3.4).

Risks are prioritized according to local characteristics (groundwater sensitivity, water stress zones, processes with high use of chemicals, etc.) and regulations put in place by local authorities (ICPE, SEVESO, etc.).

### Manufacturing

With regard to manufacturing activities, which potentially generate the greatest environmental risks, analyses are carried out through the "Ecorisques" computerized expert system, whose approach is both qualitative (sensitivity, organization, training and chemical, toxicological and ecological approach) and quantitative (noise, natural resources, waste, emissions, wastewater, chemicals). The Ecorisques system makes it possible to evaluate and prioritize risks and potential impacts generated by the site's activities in the context of a life-cycle and the implementation of corrective measures to minimize those risks.

The risk mapping carried out through Ecorisques is an integral part of the ISO 14001-certified Environmental Management System (EMS) implemented at each industrial site.

### Other activities

For engineering and testing, logistics, and spare parts storage activities, the largest centers managing these activities perform risk mappings similar to the one described above through the Environmental Management System.

As regards the sales and after-sales activities controlled by the Group, risk analyses are performed in the major countries under the Site Management System, some of which are ISO 14001-certified.

## Actions to prevent risks and serious harm

### Manufacturing

As far as manufacturing activities are concerned, plants have, through their Environmental Management System, an organizational structure to prevent risks and environmental damage. Every year, action plans are put in place to continuously improve environmental performance and reduce risks. Obtaining ISO 14001 certification from an independent external body validates the Environmental Management System.

### Other activities

The largest centers that manage engineering, testing and logistics activities have the same organizational structure as the industrial sites. At the other sites, this structure is not fully deployed given the lower level of environmental risk.

## System for monitoring the measures implemented

### Manufacturing

For manufacturing activities, several levels of control over the implementation and effectiveness of the action plans have been established:

- an initial level of internal control at each site is carried out within the context of the Environmental Management System;

- a second level of control is performed through annual audits by teams of one to four Renault auditors from other sites. Two types of internal audits are carried out: ISO 14001 audits, which are generally used in sites with an EMS less than three years old, and ISO 14001 audits supplemented by thematic auditing for older sites, which include the following topics: soil, water, chemicals, risk prevention, air, waste, transportation of hazardous goods, noise, energy. Upon receipt of the audit report, the audited entity defines the action plan to address each point of non-compliance. The completion and effectiveness of the action plan are verified during the next annual audit;
- a third level of control and monitoring of the implemented measures is performed through an external annual audit carried out by an independent accredited body as part of obtaining ISO 14001 certification;
- finally, the environmental data for each site (quantities of waste, wastewater and atmospheric emissions, water and energy consumption) are reported via a Group system. These data are audited and validated annually by another independent audit body.

### Other activities

As regards to engineering and testing activities, sales and after-sales activities in Europe and South Korea, spare parts storage facilities, the largest centers managing these activities have the same organizational structure as the industrial sites.

## Suppliers and subcontractors

### Risk mapping

Groupe Renault has mapped the risks of suppliers and subcontractors with whom an established commercial relationship exists, under the law on the duty of vigilance. The concept of "established commercial relationship" is set out in Articles L. 420-2 and L. 442-6 of the French Commercial Code.

In terms of risks relating to human rights and fundamental freedoms, health and safety of persons, and the environment, two areas have been singled out:

- Risks relating to families of purchases:
  - Parts. The families of purchases have been classified according to risks,
  - Services. The families of purchases have been included in a nomenclature produced by an external service provider based on the criteria of the law on the duty of vigilance;
- Country risks. The mapping used was produced by an external service provider based on the criteria of the law on the duty of vigilance.

The combination of these two risk factors enabled supplier and subcontractor sites to be ordered according to four levels of criticality: "low", "medium", "high", "very high".

### Evaluation procedures

Depending on the level of criticality, an evaluation in several stages is organized.

For facilities producing parts or for services, the evaluation takes place in several stages when the criticality has been judged as high or very high. The evaluation is performed by an external service provider.

- If the risk is considered to be low, there will not be any additional investigation,
- If the risk is considered to be high or very high, audits will be carried out on the ground for the sites concerned.

## Prevention of serious harm and mitigation of risks

### Prevention

Concerning the mitigation of risks and the prevention of serious harm within suppliers and subcontractors, Groupe Renault relies on:

- a central team responsible for providing support to suppliers and subcontractors worldwide;
- an Internet platform for informing the purchasing teams, as well as the suppliers and subcontractors, of their CSR performance, in which the criteria of the law on the duty of vigilance are included;
- purchasing processes that include CSR criteria, including the criteria of the law on the duty of vigilance, in the process of selecting suppliers and subcontractors;
- a CSR Framework Agreement covering CSR standards and documents:
  - Global Framework Agreement: signed on July 2, 2013 with the "IndustriALL Global Union" and the Works Council (see section 2.4.4.1). According to the terms set out in Chapter 3, Groupe Renault undertakes to communicate the Framework Agreement to its suppliers and subcontractors. It requests them to commit to implementing the fundamental social rights mentioned in Chapter 1 of the Framework Agreement in their own companies and encourages them to do likewise with their own suppliers. If necessary, corrective action plans are put in place with the support of Groupe Renault. Any uncorrected non-compliance will result in measures being taken that may include the termination of relations with the company in question,
  - Renault-Nissan Guidelines on "Corporate Social Responsibility (CSR)" at suppliers: distributed to all suppliers and subcontractors of Groupe Renault, this document summarizes expectations concerning suppliers and subcontractors in matters of safety and quality, human and labor rights, the environment, compliance and non-disclosure of information. The Group asks its suppliers and subcontractors to undertake to comply with these guidelines. They are also requested to use them with their own suppliers,
  - Renault Green Purchasing Guidelines: Distributed to all suppliers of Groupe Renault, this document describes the requirements in matters of environmental management, policies on chemicals and recycling,
  - Renault-Nissan Purchasing Way: distributed to all suppliers and subcontractors of Groupe Renault, this guide reiterates the duties of the Purchasing department, details the tools and specific processes relative to the selection of suppliers and subcontractors, the technical support to be provided to them and the conditions of the partnership. It reiterates the essential values of the Purchasing department: mutual respect, transparency and trust.

### Risk Mitigation

Suppliers and subcontractors with a low CSR rating are supported by the CSR purchasing team, which helps them to identify opportunities for progress and best practices in their segment. The progress plan is tracked until the score rises above the required threshold.

The current level of achievement is:

#### No. of suppliers that have improved

ECOVADIS score	316
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### Monitoring system

The monitoring system is described in Section 2.3.2 "CSR and the Supply Chain".

### Professional whistle-blowing

The vigilance plan includes setting up a whistle-blowing mechanism and collecting alerts relating to the existence or realization of risks, established in consultation with the representative unions of the said company.

In this context, the Group deploys a professional whistle-blowing system open to employees. The Group has also chosen to open the whistle-blowing system to external and occasional employees, as well as to suppliers and subcontractors with which an established commercial relationship exists, when these activities are related to this relationship.

The system enables these persons to raise an alert in the event of risks concerning serious infringements to human rights, fundamental freedoms, health and safety of persons or the environment, in accordance with the laws and regulations in force. It is managed by an external service provider and is accessible using the Internet or by multilingual telephone line. It guarantees confidentiality of communication and enables the whistle-blower to remain anonymous subject to local law.

Each alert is studied by the Vice-President Ethics or the Ethics Officer, depending on the country. Every year, the Vice-President Ethics presents the Ethics and Compliance Committee and the Audit, Risk and Ethics Committee (CARE) with a detailed report containing statistics relative to professional whistle-blowing.

## 2.2 OFFERING INNOVATIVE MOBILITY SOLUTIONS, ACCESSIBLE TO ALL

Renault's goal of being a pioneer in "**sustainable mobility for all**" is reflected in solutions such as:

- products
  - the electric vehicle with "zero real driving emissions" (see section 2.6.3.1),
  - in-car and connected technologies to reduce pollutant or greenhouse gas emissions (see sections 2.6.3.1 and 2.6.3.5),
  - improved safety to prevent accidents, offering optimized protection for all occupants and road users in the event of a collision and facilitating the work of the emergency services (see section 2.7.1);
- procedures
  - use of the circular economy throughout the various stages of the Group's product life-cycles,
  - innovative materials and processes to reduce vehicle weight and the environmental footprint (see section 2.6.3.2);

Renault's ambition is also reflected in the concept of solutions **accessible to all**:

- a range of products that meet the uses, needs and aspirations of retail and business customers, sold and serviced in 134 countries (see section 1.1.5.1);
- new and used products and related services, corresponding to the choices or financial means of these customers;
- new offers for consumers who prioritize use over ownership;
- a range of products to facilitate collective or individual travel for people with reduced mobility.



## 2.2.1 Changing mobility

Although owning a car is still a major aspiration for millions of people worldwide, technology and the ways in which vehicles are used are changing: vehicle electrification; gradual move from an economy of ownership to one of use; urban congestion and legislative and regulatory responses; connectivity of urban infrastructure and the sharing economy. These changes have been discussed and shared with the academic world or other mobility organizations.

### 2.2.1.1 Through discussions with the academic world

#### Sustainable mobility institute

In 2009, Renault, the Renault Foundation and ParisTech launched a multidisciplinary platform to conduct joint research into the future of transport and mobility solutions. It provides academic analyses on problems related to mobility and innovative solutions to them throughout the world, to make sure that they are acceptable and determine their potential for large-scale roll-out.

This partnership has resulted in collaboration between Renault experts and teachers/researchers and students from Paris Tech, with two main objectives:

- to promote research into the design of innovative mobility systems, based on connected, autonomous (AVs) electric vehicles (EVs);
- to train top-level managers and scientists to meet the demands of manufacturers in the transport segment and the scientific and technological challenges of sustainable mobility.

The Institute's governance was set up with seven academic establishments (Polytechnique/X, Ponts, Mines, Telecom, Arts & Métiers, Chimie Paris, ENSTA), led by the École des Ponts and the Fondation ParisTech.

The Sustainable Mobility Institute runs research programs and develops training in four main areas, involving 10 Paris Tech research laboratories and seven schools:

- "Mobility ecosystem" and changes to practices, which was extended in 2017 to the African continent;
- "Business model" for anticipating the economic consequences of electric and autonomous vehicles;
- "Global vision" to identify and promote existing and future sustainable mobility solutions (environment, energy, raw materials and new industrial ecosystems);
- "Breakthrough technologies", to improve the performance of electric vehicles.

#### Iddri – Institute for sustainable development and international relations

Over the last five years, Renault has been a partner to the Institute for sustainable development and International Relations (IDDRI), a think tank that aims to promote the transition towards sustainable development and

prosperity for all. Its work focuses on four main topics: climate, biodiversity and ecosystems, oceans and governance of sustainable development.

This partnership is therefore an opportunity to share visions and best practices with all players in the mobility ecosystem (manufacturers, power-supply specialists, public transport, infrastructure and institutional players) and jointly construct a coherent process to promote sustainable mobility worldwide.

#### Vedecom Institute – Zero-carbon communicating vehicles

Renault is one of the founding members and an associate donor of the VeDeCom Institute, one of the Institutes for Energy Transition set up as part of the French Government's Investment Plan for the Future (*Plan d'Investissement d'Avenir*). It is supported by the Mov'eo competitiveness cluster and several local authorities (Versailles Grand Parc and Saint-Quentin-en-Yvelines city authorities, and Yvelines Departmental Council).

VeDeCom is an institute for shared and co-located research into electric, autonomous and connected vehicles and the mobility ecosystem built on infrastructures and services addressing new uses for shared mobility and energy. VeDeCom has more than 40 members from different industry and service sectors (automotive, aeronautics, systems engineering, electronic components, ITC and numerical simulation, infrastructure management and transport operators, digital networks and energy grid operators), from several research and higher education institutions, and from local authorities, all of whom have agreed to collaborate on pre-competitive and pre-normative research topics. Such research involves a multidisciplinary effort bringing together physicists and chemists, mechanical, electrical and electronics engineers, computer scientists, as well as sociologists, psychologists, economists and lawyers to study the impacts and acceptability of these new types of use in order to promote suitable ergonomic and regulatory frameworks.

VeDeCom was re-selected at the end of the three years. It is now recognized as a key player, particularly on the fundamentals of mobility. Renault's contribution to the Institute's activities consisted of around €6.8 million in funding and the permanent secondment of four to six experts. VeDeCom will continue to grow as more members join. Renault will maintain its annual investment of €2.5 million.

### 2.2.1.2 Through innovative solutions

To face the challenge of these major societal and demographic trends, which may impact the Group's business, Renault is conceiving, co-developing, testing and marketing innovative solutions in three areas:

#### Car-sharing

Renault MOBILITY offers car-sharing solutions based on a 100% digital customer experience for businesses, local authorities and members of the public.

Three different packages are available in France:

- a car-sharing service for businesses and local authorities that want to operate the service, with in-car solutions (R.Access connectivity and aftermarket unit) and support solutions (dedicated B2B smartphone app and website);
- a turnkey solution (vehicle fleet and car-sharing services) for businesses and local authorities through Renault Rent;
- for members of the public, self-service fleets available 24/7 by the hour or by the day. These fleets will be available from the Renault Rent network, as well as from remote sites closer to users. For the B2C service, a special smartphone app and web-site are available.

Renault MOBILITY services rely on technological solutions developed by RCI Mobility.

In July 2015, RCI created RCI Mobility, a wholly-owned subsidiary with the aim of developing car-sharing within companies (B2B), and also all other mobility services associated with cars. The objective is to allow companies or local authorities to offer simple, convivial and agile mobility solutions to their employees, to meet their professional and also personal needs.

RCI Mobility's activities will be gradually developed for the benefit of all Renault-Nissan Alliance brands, both in France and internationally.

In 2014, Renault partnered with Bolloré to promote electric vehicles. The two partners have jointly decided to end their collaboration. Under the Drive the Future 2017-2022 strategic plan, Groupe Renault intends to concentrate its efforts on other on-demand mobility projects (ride-hailing such as Marcel and Karhoo acquired by RCI Bank and Services) and RoboVehicles.

### Customer and mobility operator requirements

Renault is also introducing these new types of use into its sales offering to make mass-produced vehicles shareable.

Since 2013, it has been possible to supply the ZOE and the TWIZY ready-equipped for car-sharing so that the operator can remotely access the information required in order to operate the service. Likewise, Internet connection for brand vehicles using the R-LINK multimedia system and its range of services, prepares them for this type of use by enabling rapid integration of any changes required.

In addition, Renault has launched a new service, R.Access that enables dematerialized access to connected Renault vehicles, to allow different users to access the same vehicle without the physical key. This service has gradually been rolled out in Europe since 2016. The main targets of this technical service are firstly short-term renters, long-term renters and car poolers. Companies wishing to subscribe to this service must, however, have suitable information systems and resources. R.Access is gradually being introduced across the Renault range, with the first vehicles predisposed for the service being the CLIO, ZOE and CAPTUR models.

Renault is the first manufacturer to offer a standardized solution, with a technical service that can be remotely activated and that offers numerous opportunities including:

- an offer of vehicles for car-sharing (B2B, between individuals, in a community, etc.);
- a service "open 24/7";
- direct delivery in customer vehicles;
- increased coverage of the rental network.

In addition, Renault conducts testing as part of research projects. These involve the assessment of an autonomous vehicle service to supplement a public transportation system. These tests take place in Saclay and Rouen.

### Mobility issues in sustainable cities

Renault contributes to collective thinking on sustainable mobility systems in cities, in particular, multi-modality. For this reason, the Group takes part in discussions on "French Sustainable Cities" as part of a private consortium which brings together major French industrial groups and innovative SMEs to devise 3D models of "smart cities". Renault also sponsors several academic chairs which feed these discussions, such as the urban logistics Chair with Mines ParisTECH, which, since 2016, has been aiming to propose innovative and sustainable models of urban logistics (table in section 2.5.3).

Through the VeDeCom Institute, it is also involved in Opticity, a European project on intelligent urban mobility: data standardization and sharing to create multimodal navigation systems and tools to optimize urban logistics and traffic regulation.

Renault also participates in cooperative projects (at a French and European level), including:

- SCOOP: vehicle-to-vehicle and vehicle-to-infrastructure communication to improve safety and mobility;
- AUTOMAT: data collection and sharing for a mobility market.

Renault is a member of the SiMplify project within the WBCSD (World Business Council for sustainable development). This project aims to provide a set of indicators enabling cities to measure their mobility performance from an economic, environmental and social point of view. The SiMplify project offers support to towns that wish to self-evaluate and then improve their transport systems.

For the development of electrical mobility in emerging countries, IMD research in India has shown the potential of information systems to improve the electricity offer by providing greater predictability and an optimization of supplementary systems. In addition, an ambitious plan for smart grids and smart cities is being developed at government level, to be combined with a multitude of local initiatives proposing low-carbon mobility offers.

Renault freely shares its expertise in this area via numerous thematic round-tables and seminars.

### From the track to mass production

Motorsports continue to showcase Renault's technological know-how while acting as a proving ground for production vehicles, particularly in the sport range.

In 2016, Renault returned to Formula One with the Renault Sport Formula One Team. In doing so, it confirms that Formula One is the ultimate expression of automobile passion.

It will continue to build bridges between the advanced technology developed for Formula One and its mass-production technology. The premier motorsport discipline also raises the brand's profile in countries where Renault wants to further expand (China, India, Latin America, etc.).

Renault is also involved in Formula E, the leading 100% electric Championship launched by the FIA in 2014, helping to get the it off the ground by leveraging its dual expertise in electric vehicle production and racing. It is an opportunity to showcase its technological know-how while encouraging the development of electric mobility.

## 2.2.2 Affordability

Groupe Renault is working towards making cars more democratic with its so-called "global access" range, sold under the Dacia brand name in Europe, and under the Renault brand name in most other parts of the world. Thus, Groupe Renault offers a range of affordable vehicles for customers subject to financial constraints or those wanting to spend just enough to secure a reliable, sturdy vehicle. The global access range corresponds to a mid-range purchase in emerging countries and to an entry-level vehicle in Europe. To offer entry-level vehicles in emerging markets, in 2015, Renault launched the KWID, a new vehicle based on a shared Alliance platform known as CMF-A, in India.

It is often the first time that these retail customers have the opportunity to buy a new, safer and more environmentally friendly car (than previous generations of vehicles).

Dacia vehicles are now marketed in 44 countries and over 3.5 million vehicles have been sold since the LOGAN was launched in 2004.

With regard to service, Groupe Renault has developed a more affordable range of spare parts to make mobility accessible to the greatest number of people.

Since 1998, Renault has offered a full range of parts equivalent in terms of safety and functionality to the original vehicle parts, whatever the brand. Marketed under the Motrio brand and adapted to the requirements of Renault vehicles aged over five years and to Dacia and other brand vehicles aged over three years, the Motrio range now has more than 7,000 references, compatible with 45 automotive brands and more than 1,600 models.

Currently, Motrio is present in around 40 countries worldwide and the brand even has its own multi-brand garage chain. Building on this success, Motrio is naturally continuing its international growth, and has committed itself to the crucial digital and e-commerce channels for closer contact with its customers.

For many years, Renault has also been developing alternatives to new parts. In 2012, Renault created an after-sales refurbished parts service. In anticipation of the requirements of the Royal law on the use of parts from the circular economy in automotive repairs (which came into force in 2017), Renault's sales network offers used body parts (hoods, fenders, headlamp units, etc.) in France and mechanical parts in France that have

The Renault brand is involved in the sport in association with the e.dams team. With three team titles and one driver's title, the team has become the one to beat since the Championship began in 2014. Renault has invested fully in this brand new and particularly innovative discipline for a fourth season.

Lastly, Renault is present in customer racing with Formula Renault 2.0 and the CLIO Cup on the circuit side and the CLIO R3T on the rally side.

been collected and selected in Indra's approved network of ELV (end-of-life vehicle) centers. This service is particularly of interest to customers whose vehicles are not economically repairable using only new parts. Lastly, for over 60 years, Renault has carried out standard exchanges, *i.e.*, industrial refurbishing of mechanical parts such as engines, gearboxes, starters, compressors, steering, etc. The used parts are collected in the distribution network, sorted and refurbished according to a rigorous industrial process. These renovated ("standard exchange") parts are sold to Renault vehicle owners at a lower price than new parts while satisfying the same quality requirements. Please see section 2.6.3.2.

Renault is concerned with adapting its spare parts pricing to the change in the residual value of its vehicles, in order to optimize their reparability, particularly for bodywork repairs. The cost of repair is an essential criterion for insurers to avoid premature scrapping. Thus, between three and six years after the date of launch, depending on the range, Renault concentrates its price reduction efforts on parts related to passive safety (airbags, seat belts, dashboard, etc.). Likewise, from the cessation of marketing of vehicles, the price of bodywork parts (bumpers, doors, wings, etc.) and glazing regularly drops each year.

### 2.2.2.1 Embracing inclusive mobility solutions

The Groupe Renault social business program initiated in 2010 and officially launched in France in July 2012, aims to facilitate access to personal mobility so as to encourage social inclusion and the return to work.

The program was created in collaboration with operators from the social and cooperative economy sector, the academic world and the public sector. As such, it has formed partnerships to promote entrepreneurship and encourage inclusive mobility projects with Ticket for Change, *Les Pionnières* and, more recently, the French government employment service, Pôle Emploi.

For Groupe Renault, the program is a long-term strategic commitment, a catalyst for innovations to invent and trial mobility solutions in favor of disadvantaged population groups.

The program is designed to be rolled out as widely as possible across the Company both in France and all other countries where Renault operates. It is a strong source of motivation amongst employees, many of whom get involved alongside the most disadvantaged and those that mobility has left behind.

Groupe Renault demonstrates this commitment in three separate areas:

### 1) The HEC Paris "Enterprise & Poverty" academic Chair

Groupe Renault sponsors this Chair ([www.hec.fr/espace-entreprises/chaire-et-centres/social-business](http://www.hec.fr/espace-entreprises/chaire-et-centres/social-business)) and so, in partnership with research and education, works to train younger generations and devise new social business solutions.

Groupe Renault collaborates with the Entreprise and Poverty Action Tank, chaired by Martin Hirsch (Director General of Assistance Publique des Hôpitaux de Paris (APHP)) and Emmanuel Faber (CEO of Danone) to share existing knowledge about social business, hold discussions with other businesses committed to this approach and benefit from expert support and advice.

### 2) Garages Renault Solidaires (GRS)

Renault's network of garages voluntarily helps low-income individuals identified by welfare providers (charities, mobility platforms, welfare organizations, employment partners, etc.) by offering them servicing and repair work at cost price but maintaining Groupe Renault service quality. In 2017, more than 2,000 persons were directed to this service.

Furthermore, in 2017, in partnership with the Entreprise and Poverty Action Tank and several partner welfare providers ([at-entreprise-pauvrete.org](http://at-entreprise-pauvrete.org)), Groupe Renault implemented a long-term lease scheme with purchase option on its new passenger cars (Dacia Sandero from €92 including tax per month) and light commercial vehicles (KANGOO from €141 including tax per month). These services are exclusively aimed at individuals who are not eligible for conventional loans. The Diac is a stakeholder in this operation, which was offered to nearly 1,600 people in 2017.

At the end of 2017, there were around 360 Garages Renault Solidaires across France. A dedicated website has been set up to enable a step change in the program and its social impact.

### 3) Mobiliz Invest s.a.s.

In September 2012, Groupe Renault set up an investment company, Mobiliz Invest s.a.s., to finance and support innovative entrepreneurs developing mobility solutions for people in difficulty. Renault contributed €5 million to this company's capital. Mobiliz Invest is a certified "Solidarity and Social Utility Enterprise" company (ESUS). The capital provided by Renault is increased by contributions from the employee savings funds through the intermediary of the FCPE Renault Mobilize Solidaire <sup>(1)</sup>.

The Management and Investment Committee (CDI) is the central governance body of Mobiliz Invest s.a.s. Chaired by Groupe Renault Expert Fellow Nadine Leclair, the CDI has 14 members, including one employee representative and two external investment and social business experts.

Mobiliz Invest s.a.s. has already provided funding (capital or debt) and development support to 11 firms. Active in the field of inclusive mobility, the majority are recognized "Social and Solidarity Economy" companies or ESUS-certified. The details of the companies supported can be found on <http://mobiliz.group.renault.com/mobiliz-invest>.

Recently, Mobiliz Invest has decided to support the young Nantes company Human Concept, which provides a comprehensive new-generation self-service hybrid bike service (free floating possible) and which can reduce the cost of bike usage through advertising.

In 2017, Groupe Renault introduced a system to objectively measure the social impact of each of its social business initiatives. Thus, in collaboration with the teams at HEC and the consultancy Nuova Vista, it undertook to measure the impact of Garages Renault Solidaires (GRS) in terms of satisfaction of beneficiaries, jobs created or made possible and increased self-esteem. The final results will be known at the end of 2018.

Groupe Renault also took the initiative of inviting companies supported by Mobiliz Invest to continually measure the social impact generated by their respective activities. Three projects have managed to come up with a series of relevant impact or activity indicators.

Wimoov assists vulnerable people, especially those on professional integration schemes, to improve their mobility and in particular to widen their job search. The organization's platforms offer one-to-one support and complementary mobility solutions (educational, financial or material). Accordingly, in 2016, Wimoov assisted 10,952 people on integration programs. Of these, 46% obtained employment or training, or remained in employment <sup>(2)</sup>.

Totem mobi offers a TWIZY car-sharing service funded partly through advertising. As part of its first impact study, Totem interviewed 278 of its 681 beneficiaries. The survey highlights Totem's contribution to improving the daily lives of users. 90% of beneficiaries saved time each day. 66% said that the car-sharing service had given them more leisure opportunities. 30% of respondents had begun to use their own car less, thus having a positive environmental impact. (<http://www.totem-mobi.fr/>).

The French microfinance charity ADIE published an impact study conducted in 2015 on its microcredit solutions for paid employment (MCES), funded by Mobiliz Invest. The main aim of the scheme is to address mobility issues, for example by helping beneficiaries to purchase a vehicle. According to the study, the scheme had a positive impact on employment. In all, 89% of the 378 respondents felt they had remained in employment as a result of the microcredit scheme. Two-thirds of beneficiaries had seen their financial situation improve, and more than half of respondents thought the scheme had boosted their morale <sup>(3)</sup>.

(1) The Renault Mobilize Solidaire employee mutual fund, created in 2015, now has more than 4,400 subscriber employees who have chosen to invest more than €14 million.

(2) Wimoov, Rapport d'activités 2016, [www.wimoov.org/uploads/documents/2018/01/08/Rapport-activites-2017%20Light%20ok.pdf](http://www.wimoov.org/uploads/documents/2018/01/08/Rapport-activites-2017%20Light%20ok.pdf)

(3) ADIE, Rapport d'activités 2015, [www.adie.org/sites/default/files/links/adie\\_etude\\_mces\\_2015\\_pap\\_2604\\_op.pdf](http://www.adie.org/sites/default/files/links/adie_etude_mces_2015_pap_2604_op.pdf)

## 2.2.3 Physical accessibility

For almost 30 years, Renault has been innovating to meet the needs of people with reduced mobility. Through its subsidiary, Renault Tech, created in 2009, Renault is the European leader in the adaptation of vehicles for the transportation of people with reduced mobility. Over 1,000 specially adapted vehicles leave the Heudebouville plant in Normandy every year.

Whether for the transportation of one or more wheelchair users, or adaptations to aid driving or access to vehicles, Renault Tech enables those with impaired mobility to once again travel safely and independently.

This offer is available across the entire French distribution network, as well as internationally, via Renault subsidiaries or independent dealers. [www.renault.fr/vehicules/mobilite-reduite.html](http://www.renault.fr/vehicules/mobilite-reduite.html).

2

## 2.3 ENSURING FAIR PRACTICES THROUGHOUT THE VALUE CHAIN

### 2.3.1 Business ethics

Details of the ethics policy are given in section 3.3.

### 2.3.2 CSR and the supply chain

Supplier performance is crucial to Groupe Renault's business. Any failure on the part of suppliers, whether in terms of the quality of parts delivered, logistics problems or a deterioration in their financial situation, can have a considerable impact both on production at Renault plants and on the smooth running of projects.

Purchasing processes are, therefore, a strategic issue for the Company and, in a number of significant areas, key to its long-term future:

- measuring and managing suppliers' achievement of QCD (Quality, Cost, Delivery) targets;
- supporting the implementation of the Purchasing strategy devised in accordance with the Groupe Renault strategic guidelines;
- selecting suppliers and developing a robust and sustainable relationship that is of mutual benefit, while still ensuring Groupe Renault maintains its competitive edge;
- contributing to the Groupe Renault brand image by supplying high-quality goods and services.

#### 2.3.2.1 A dedicated code of ethics

The purchasing function is one of seven business-lines that have a specific code of ethics in addition to the Ethics Charter. This code of ethics was designed for all Purchasing department managers and employees and for the Renault-Nissan Purchasing Organization (RNPO) and for all those who,

within Groupe Renault and/or for Groupe Renault, are required to have contact with suppliers and/or to influence the act of purchasing.

The code applies to all of the Groupe Renault's purchasing processes and, in particular, to compliance with Renault's strategy, to selecting suppliers, reviewing performance and, more generally speaking, to any contact or communication with suppliers. Intended for Group employees, it is supplemented by the Renault Nissan CSR Purchasing Guidelines which apply to all our suppliers.

For more details concerning the organization of purchases and the dedicated CSR policy, see the relevant paragraphs in the vigilance plan 2.1.8.

#### 2.3.2.2 The position in 2017

Groupe Renault traditionally measures the CSR performance of its suppliers through three main criteria:

- the percentage of the volume of parts, services & equipment purchased that are the subject of CSR evaluation;
- the percentage of the volume of "CSR evaluated" parts, services and equipment purchased for which the CSR score reflects a high or very high performance;
- the percentage of the volume of parts purchased covered by ISO 14001 certification.

In 2017, the CSR performance of Groupe Renault's suppliers was as follows:

<i>As % of volume purchased concerned</i>	Spare parts	Services	Total 2017	Total 2016
Rate of CSR evaluation over 3 years (% of total volume purchased)	82.3%	65.4%	78.8%	73.7%
Rate of high or very high CSR performance over 3 years (% CSR evaluated volume purchased)	64.5%	53%	62.1%	55.6%
Percentage of ISO 14001 compliance (% volume of manufactured parts purchased)	93.1%	Ns	93.1%	92.6%

### 2.3.2.3 Minerals and materials risks

Used upstream of the supply chain, they are classified strategically according to their criticality, in collaboration with several external partners.

The combination of CSR risk factors with minerals/materials risks has enabled the sites to be ordered according to four levels of criticality: "low", "medium", "high", "very high".

For all of the extraction sites with high or very high CSR risks, specific audits will be carried out by external service providers.

Following audit of the production facilities, if any major non-compliance is identified, Renault will take all measures necessary to correct it.

### 2.3.2.4 Collective dialog in France

Renault takes part in the French automotive industry platform, formed in 2009 as a permanent forum for cooperation and dialog among all automotive industry stakeholders in order to prepare for and successfully implement change in the industry and its professions. The platform comprises key industry players, the Committee of French Automobile Manufacturers (CCFA) and major federations of equipment makers (Fiev) and subcontractors, who together form the Liaison Committee for automotive industry Suppliers (Clifa).

The French automotive industry platform aims to coordinate all players in the following areas: R&D, standardization, professions and training courses, industrial excellence, strategies and transformation.

Renault also meets with its top 200 suppliers:

- annually, at the supplier convention, which aims to provide visibility on the Renault-Nissan Group's strategy;
- several times a year to present them with sales forecasts;
- each purchasing unit hosts its main suppliers annually during performance reviews in order to identify the difficulties encountered and jointly draft progress plans in areas such as quality, costs, delivery times and CSR.

### 2.3.2.5 Joint innovation

Renault also strengthens its supplier relationships through a partnership approach that encourages them to innovate. Annual reviews are conducted with the major suppliers' top management to identify potential innovations.

This process has been expanded to innovative start-ups and SMEs, notably through the setting up of a global network of Open Innovation Labs.

A policy has been in place for drafting joint innovation contracts with suppliers since 2008. It defines both the technical content and the legal conditions for sharing the results. A total of 15 joint innovation contracts were signed with suppliers in 2017.

Since 2010, Operational departments and the Purchasing department have held technology days. These are an excellent opportunity for suppliers to present their innovations to Renault experts.

## 2.3.3 CSR within the Renault network

This vision is reflected in customer care processes and dialog with customers and their representatives, such as consumer groups or the numerous associations linked to the brand that have been set up worldwide.

In order to encourage our sales networks to undertake actions in line with our societal commitments, since 2015, the Group's Sales & Marketing department has been presenting special CSR awards to dealers (or RRG establishments) singled out for their contributions in this area during the Dealers Of The Year ceremony.

### 2.3.3.1 A dedicated code of ethics

Sales and marketing activities contribute to the Company's development and the expansion of its business and market share, in particular, by means of customer satisfaction. Sales and marketing activities are also required to support the positive image of the Company and its practices, especially in terms of quality of services and products and relations with customers, its partners and the wider public.

The sales and marketing function is also one of seven business-lines that have a specific code of ethics in addition to the Ethics Charter. This Sales and Marketing code of ethics was designed for all of the Group's Sales and Marketing department managers and employees and for all those who, within Groupe Renault, have contact with customers and/or can influence the act of sale.

The code is applied to all the Groupe Renault sales and marketing processes, to activities relating to retail customers, fleets and the dealership network as well as publicity and marketing initiatives.

### 2.3.3.2 Customer satisfaction

Customer satisfaction is a key factor in attracting and retaining customers, and contributes to the principles of a policy of dialog with stakeholders and involvement with them. Processes designed to improve customer satisfaction are based on standards relating to listening and dialog with customers from the upstream stages (research into expectations and needs by the Customer Knowledge department and the Product department) to the downstream sales and related services stage, and when dealing with any complaints during vehicle recall campaigns.

Since 2015, the importance of customer satisfaction as a major pillar of the Group's development strategy has been demonstrated by the creation of the Quality and Customer Satisfaction department, which reports to the Groupe Renault Executive Committee. In 2016, the Quality and Customer Satisfaction department became 100% Group-wide, both upstream and downstream.

It is based on the Overall Opinion, a top-line indicator created in 2015 in all of the Group's operations. The Overall Opinion measures the general opinion of a panel of people intending to buy a vehicle within three years in a given market. This metric and its oversight are used to enhance the positive image of the Group's brands and models in a given market, and to map their positioning relative to the competition.

The Quality and Customer Satisfaction strategy is supported by the three-year Customer Satisfaction Plan, which includes seven basic levers:

- 1) **Compliance;**
- 2) **Responsiveness** are the cornerstones of any ambition to progress. Unqualified compliance with standards, business policies and Company procedures is required from all Company functions, as well as from our suppliers. In the event of an incident or a serious complaint from a customer, we also need to be extremely responsive in how we handle, analyze and rectify the problem;
- 3) **Perceived quality;**

## 2.3.4 Responsible communication

### Environmental communication

As a partner in the Paris (COP21, 2015) and Marrakech (COP22, 2016) Climate Change Conferences, at which it provided a fleet of electric vehicles to the UN-accredited delegates, Groupe Renault focuses its communication on the benefits of electric vehicles and its ecosystem for the environment and public health, and on its strategy to deploy the circular economy within its business models and as part of its partnership with the Ellen MacArthur Foundation. The large-scale deployment of electric vehicles to significantly reduce the contribution of individual transportation to climate change and urban pollution is one of the major themes of this communication, along with the environmental benefits related to the services rendered to the

4) **Durability** boost Customer Satisfaction and the residual value of our products by challenging our leading competitors to achieve certain standards;

5) **The Quality** of service of Renault's customer satisfaction plan, known as C@RE2.0 (Customer @pproved Renault Experience), is a logical extension of concepts already launched by Renault in 2005 with PER4 (Renault Excellence Plan) and in 2012 with C@RE. C@RE 2.0 aims to ensure customers receive a simple, personalized and interactive experience throughout their "journey" with Renault, from initial *online* searches, through to delivery of the vehicle to the dealership as well as during servicing and maintenance.

This system is based on a series of resources available to countries for:

- training the sales and after-sales teams,
- evaluating the customer experience based on regular surveys in all countries, making it possible to react swiftly to market trends and customer expectations.

In addition, Customer Service teams in 35 countries are on hand daily to assist our customers with whatever questions or complaints they may have about any sales or after-sales issues and for any information on products and services. Renault's aim is to be accessible by customers or prospective customers whatever the point of contact selected (online, dealership, telephone) and to build a relationship of calm confidence with them so that they stay loyal to Groupe Renault brands;

6) **Meeting Customer** expectations is the linchpin of the customer satisfaction plan, ensuring that all products and services, from their development and validation process, are oriented towards customer needs and expectations in a given market.

Renault is also keen to meet the specific mobility requirements of vulnerable population groups such as those experiencing financial hardship or the disabled (see sections 2.2.2.1 and 2.2.3),

7) Finally, **Communication** enables us to advertise our achievements and progress in terms of Quality and Customer Satisfaction.

A global **training** program was launched in 2015 to make customer satisfaction an integral part of the day-to-day actions of each employee. It allows each individual to develop his or her knowledge of the Customer Satisfaction Plan, while actively helping to boost customer satisfaction.

electricity sector by battery storage capacity, including possible synergies with the development of renewable energies.

### Vehicle life-cycle assessments (LCA)

In a move to provide transparency about the environmental performance of its vehicles and respond to requests from an informed public, Renault has chosen to disclose the life-cycle assessments (LCA) of its vehicles.

The LCA for vehicles brought to market in Europe since September 2014 (the New TWINGO and later models), conducted using an updated methodology (see section 2.6.2.1), is published online on the web-site [groupe.renault.com](http://groupe.renault.com) with a critical review by an independent expert.

## Recall campaigns

In the event of any risk or incident compromising vehicle safety and requiring essential work on the vehicles concerned, Groupe Renault launches a recall campaign, otherwise known as a "Special Technical Operation" (OTS). This procedure is implemented in all countries where the vehicles are sold. There are three levels of information:

- information for the national authorities in the country of sale (in compliance with the legislation in force in those countries);
- sending the customer a registered letter with acknowledgment of receipt, describing the potential fault and its impact. Customers are invited to make an appointment with a Renault dealer. A follow-up letter is sent if necessary;

- online on MyRenault (accessible via Renault's websites and Android/iOS apps).

In parallel, the Renault network is informed of the OTS by sharing the necessary information in order to:

- identify the vehicles concerned;
- take action to eliminate the risk;
- answer customer queries.

Whenever a vehicle is booked in for a service, the Renault dealer must search the OTS database to see if the vehicle is affected. If an OTS is identified, the vehicle may not be returned to the customer until the fault has been repaired.

## 2.3.5 Data protection

Respect for the protection of personal data is an important factor in trust, a value in which Renault s.a.s. believes particularly strongly, taking care to respect the fundamental rights of its customers. The protection of personal data is accordingly one of our ethical references for conducting our actions.

Given this commitment, in 2011, Renault designated a data-protection correspondent with an extended scope to the French data protection authority (CNIL). Subsequently, Groupe Renault implemented legal, technical and organizational measures to ensure compliance with French law no. 78-17 dated January 6, 1978 relative to IT, data and civil liberties and the protection of the personal data of its customers and users of connected services.

Given the prospect of its digital transformation, developments to its connectivity and data-related activities (mobility services, connected vehicles and autonomous vehicles) and its compliance with the general data protection regulation (GDPR), Groupe Renault launched a program involving all Group entities, as well as Nissan and its partners. Thus, since

June 2017, this program, also known as the GDPR Steering Committee, has set up an organization, governance, processes and tools intended to protect the personal data of its employees and its customers/users, thus ensuring compliance with the applicable regulation.

A legal team dedicated to the protection of personal data was also created, together with multi-disciplinary working groups bringing together all of Renault's functional departments.

Renault also participated in the working group tasked with building the "connected vehicle" compliance pack together with the French data protection authority (CNIL). This pack was published in October 2017 and proposes guidelines for the responsible use of data in the next generations of cars.

Furthermore, Renault supports the "principles for the protection of personal data in services and connected vehicles" from the European Automobile Manufacturers' Association (ACEA), which represents the interests of the automotive industry in the European Union.



## 2.4 HUMAN CAPITAL: COMMITTED TO SUSTAINABLE GROWTH

2

In 2017, with the consolidation of AVTOVAZ into Groupe Renault, the Group's human capital comprised 181,344 employees across the 147 entities and 37 countries in which Renault operates. This provides Groupe Renault with a unique mosaic of diversity and human wealth.

Their skills, motivation and reflection of society's diversity contribute to the growth of the Group and help it to meet customer expectations. Committed to sustainable growth, Groupe Renault implements a global, fair and competitive HR policy. HR standards, processes and policies (implemented worldwide) guarantee a unique and transparent frame of reference, a source of fairness and a driver of motivation and performance for all employees. Since April 2014, the HR function has been one of the areas of convergence within the Renault-Nissan-Mitsubishi Alliance. The aim is to support the growth of the three groups and boost synergies so that Renault-Nissan-Mitsubishi can benefit from best HR practice on an international level.

### Methodological note

Since 2013, the labor relations indicators have been revised to align them as closely as possible with new laws and in particular the provisions of Article 225 of Act No. 2010-788 of July 12, 2010 (referred to as the Grenelle II Act), and its implementation decree.

### Consolidation scope

The consolidation scope covers the Group's subsidiaries consolidated fully or corresponding to the definitions of a joint operation.

Several scopes are used in this chapter:

- global, covering 100% of the Group's employees including AVTOVAZ;
- fully consolidated subsidiaries, covering 146 entities (out of 147) and 97.8% of the Group's employees; the Company that meets the definition of a joint operation is RNTBCI (India) for 66.67%;

Some indicators do not cover 100% of the consolidated scope notably due to data unavailability.

- the reporting scope for Health and Safety data covers the Group's global scope (excluding AVTOVAZ) and excluding one other subsidiary (Tandil);

To adapt to the new challenges in the Automotive segment and respond to the changes society is undergoing in terms of digitalization and the expectations of new generations, Renault has introduced an HR policy with a global vision of making Groupe Renault an agile Company that is keen to harness knowledge to enhance its sustainable development. This policy is focused on three priorities:

- acquiring the **necessary resources and skills**;
- accelerating **employee development**;
- developing an **attractive environment that develops responsibility**.

These priorities and policies have been defined and rolled out across the world with the constant aim of respecting high-quality social dialog at both local and global levels. This aim underlies the global framework agreement entitled "Committing together for sustainable growth and development", signed on July 2, 2013 by Renault, the Groupe Renault Works Council and the IndustriALL Global Union.

### Data collection

Three methods are used to collect employee data:

- the HR information system collects part of the data for the entire scope;
- the Talent@Renault tool deployed in 38 countries, as of year-end 2017, provides data for white collar staff (Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Croatia, Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Iran, Ireland, Italy, Malta, Mexico, Morocco, Netherlands, Poland, Portugal, Romania, Russia, South Korea, Spain, Serbia, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey and United Kingdom);
- for the data not available in these systems, a questionnaire is sent to the Regions or sites. This questionnaire includes a number of indicators: absenteeism rate, number of layoffs, number and subject of major collective agreements signed during the year, number of employees covered by a collective bargaining agreement and selected at Corporate level from the most pertinent agreements, total training hours, percentage of disabled employees, number of workplace accidents, number of traffic accidents and occupational illnesses. Each indicator has a specific definition and calculation method that is shared with the Regions.

A continuous improvement process for these collection methods has been put in place, taking into account the recommendations of the statutory auditors.

## Definitions or calculation methods for certain indicators

**Total end-of-month workforce (recorded at the end of the month):** number of employees holding an employment contract with the entity (permanent or fixed-term) at the end of the month. This contract must be valid as of the last day of the month in question. Every employee on the payroll is counted as "one" regardless of his or her contractual working time (or activity rate).

**Average Group workforce** = (Group workforce at 12/31/previous year + Group workforce at 12/31/current year) / 2.

Group workforce at 12/31 of a year is equal to the total of its workforce at the end of the month for all Regions except the Europe Region. For the Europe Region, it is equal to end-of-month total workforce excluding employees under exemption of activity in the framework of the GPEC in France.

**Region average workforce** = (Region workforce at December 31 of the previous year + Region workforce at December 31 of current year) / 2.

Region workforce as of December 31 is equal to end-December total workforce for all Regions except Europe. For the Europe Region, it is equal to end-of-month total workforce excluding employees under exemption of activity in the framework of the GPEC in France.

**Average active workforce:** the average active workforce is equal to the total workforce, excluding "inactive" employees. The active workforce is measured every month. The average active workforce is equal to the average calculated over 12 months.

**"Inactive":** persons appearing in the entity's workforce but physically absent from the entity for a long period and paid only partially or not at all. This category consists mainly of: unworked notice periods, leave of absence unpaid for various reasons including long-term parental leave, sabbatical leave, end of professional career leave including exemptions from activity in France, leave for business creation, parental educational leave, absence due to long-term illness or accident after using up the amount of leave paid by the Company (amount linked to the current work absence), and military service. Persons on sick leave (excluding long-term) and on maternity leave are not considered as "inactive" employees.

**Number of Group redundancies:** termination of permanent contract or early termination of fixed-term contract (including, in a number of countries, termination of a contract prior to completion of a probationary period) by the employer for one or more reasons that may or may not relate personally to the employee in question, and which may be either collective or individual. Voluntary/conventional severance, voluntary departure plans and abandonment of post (for example in Morocco) are not considered as redundancy.

**Percentage of women managers:** number of women in managerial roles out of the total number of managers as of the end of December. "Manager" is defined as a white collar employee, supervising at least one other white collar employee.

**"Critical" skills:** those that the Company increasingly needs and which must be developed through hiring and training;

**"Sensitive" skills:** those the Company needs less and less and for which plans must be prepared to manage collective and individual retraining and reallocation of resources.

**Rate of access to training:** number of employees trained at least once during the year as a percentage of the active workforce as of December 31 (excluding AVTOVAZ).

**Average training time:** total hours of training carried out during the year by country as a percentage of the active workforce as of December 31 (excluding AVTOVAZ).

**Employment rate of people with disabilities:** percentage of employees with disabilities in the total workforce as of December 31. It should be noted however, that it is difficult to prepare statistics that accurately reflect the number of disabled employees, given the different regulations and the lack of legal reporting requirements in numerous countries.

**Absenteeism (absence due to unforeseen circumstances):** The absenteeism rate is expressed as a percentage and is calculated on the basis of the average active workforce (permanent + fixed-term contracts; excluding international transfers) and a yearly theoretical number of working days.

The number of days of absence is expressed in working days, excluding short-time working, layoffs, strikes, and holidays (including maternity leave).

**Formula:** number of absence days per year / (active workforce x number of theoretical days per year) x 100.

The choice of assumptions for the calculation of theoretical days number is left up to the entities, since local factors may result in minor differences.

All definitions of health and safety indicators were updated on January 1, 2017.

The FR0, FR1 and FR2 rates correspond to the incident rates divided by 1,000,000 hours worked.

For example:

$$FR0 = \frac{\text{Number of incidents requiring first aid}}{\text{Number of hours worked}} \times 1,000,000$$

**FR0r:** frequency of workplace accidents requiring first aid.

**FR1r:** frequency of workplace accidents requiring more medical treatment than first aid. This rate corresponds to a defined list of injuries on which Groupe Renault intends to concentrate.

**FR2r:** frequency of workplace accidents with sick leave involving Renault employees.

**Severity rate G1:** [Number of days of sick leave during the year due to workplace accidents that year or in previous years - number of days of sick leave due to discharges] x 1,000 / number of hours of exposure to occupational risks during the year.

In 2017, accidents involving Renault employees (FR0r, FR1r, FR2r) and temporary workers (FR0t, FR1t, FR2t) were monitored. However, only accidents involving Renault employees (FR0r, FR1r, FR2r) are included in the official indicators for the year.

**Occupational illnesses:** rate of occupational illnesses contracted by Renault employees following prolonged exposure to an occupational risk (noise, chemicals, posture, etc.), reported as such to an external body if the regulations in force in the country so provide. Rate of reported occupational illness per 1,000 employees to end-2016. Occupational illness rate reported per million hours of exposure to occupational risks from 2017 onwards. The rate includes occupational illnesses reported with or without sick leave.

**Accidents on public roads:** accidents involving Renault employees on public roads while commuting to work or traveling on business.

## 2.4.1 Acquiring the necessary resources and skills

The quantitative and qualitative analysis of employees changed significantly in 2017. For the first time, it now includes AVTOVAZ data. Moreover, as in previous years, 2017 was a year of strong growth. However, it was also a pivotal year in preparation for the technological advances expected to disrupt the market in the near future ahead of connected,

autonomous and electric vehicles. In this context, the Group's workforce grew significantly under the dual effect of the increase in production volumes and the reinforcement of competencies in areas identified as strategic, particularly Research and Development.

### 2.4.1.1 Workforce breakdown and trends

#### BREAKDOWN OF WORKFORCE BY REGION OVER THREE YEARS AND AVERAGE WORKFORCE

Scope of labor reporting	2015	2016	2017	Percentage in 2017
<b>GROUP * (PERMANENT + FIXED-TERM)</b>	<b>120,136</b>	<b>124,849</b>	<b>181,344**</b>	
Europe Region	67,973	70,616	72,132	39.8%
o/w France	45,579	46,240	47,711	26.3%
Eurasia	26,341	26,855	78,255	43.2%
o/w AVTOVAZ	-	-	49,771	27.4%
Americas	9,488	10,120	12,431	6.9%
Asia-Pacific	4,356	4,499	4,531	2.5%
Africa - Middle East - India	11,978	12,759	13,995	7.7%
Average Group workforce without AVTOVAZ	118,766	122,493	128,211	

\* Expatriates are counted in their home country.

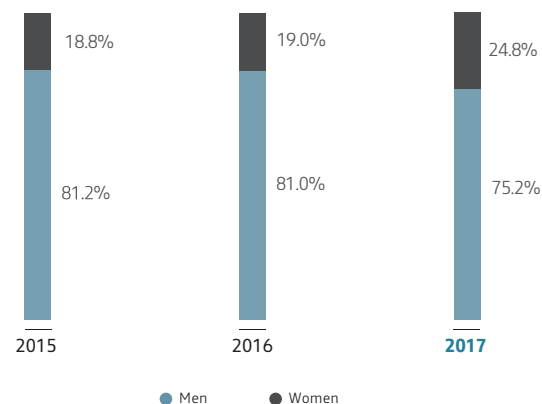
\*\* 131,573 excluding AVTOVAZ.

As of December 31, 2017, the Group's workforce (permanent + fixed-term contracts), including AVTOVAZ, totaled 181,344 employees, with 177,969 in the Automotive branch and 3,375 in the Finance arm. This represents an increase of 45.3% on 2016 (124,849 employees as of the end of 2016). The increase is due to the inclusion of AVTOVAZ, the additional labor required as a result of the higher production volumes, and the strategic decision to strengthen key competencies, particularly in R&D and engineering, both in France and other Regions.

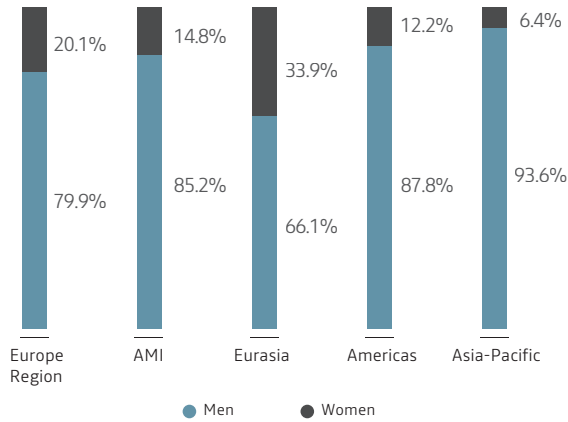
The Group's employees work in 37 countries, organized into five Regions. The "10 major countries" (Argentina, Brazil, France, India, Morocco, Romania, Russia, South Korea, Spain and Turkey) account for 92.2% of total employees. Following the inclusion of AVTOVAZ, Russia became Groupe Renault's largest country by number of employees in 2017.

#### ● BREAKDOWN OF MEN/WOMEN IN THE WORKFORCE OVER THREE YEARS

As of December 31, 2017, the number of women as a percentage of the Group's total employees continued to rise owing to the proactive policy on diversity in recruitment and the inclusion of AVTOVAZ. Women now make up 24.8% of the Group's employees, compared with 19% at end-2016 and 18.8% in 2015.



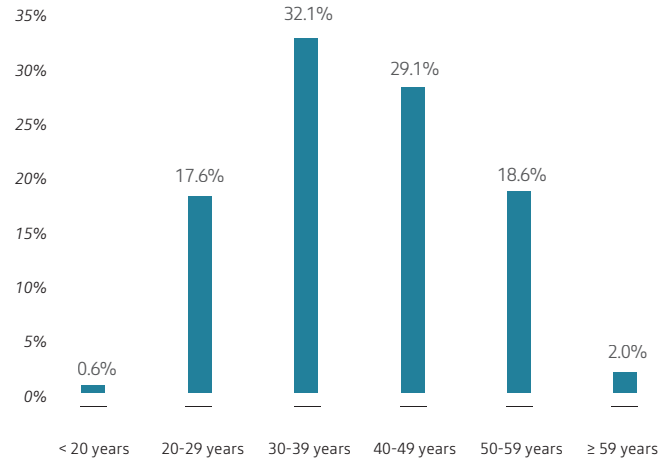
#### ● BREAKDOWN OF MEN/WOMEN BY REGION



The breakdown of men/women is calculated on the basis of the global scope as of December 31, 2017.

#### ● BREAKDOWN OF WORKFORCE BY AGE

Large-scale recruitment plans have maintained a balanced breakdown of workforce by age: 18.2% of employees are under 30, 32.1% are between 30 and 39, 29.1% are between 40 and 49, and 20.6% are over 50.



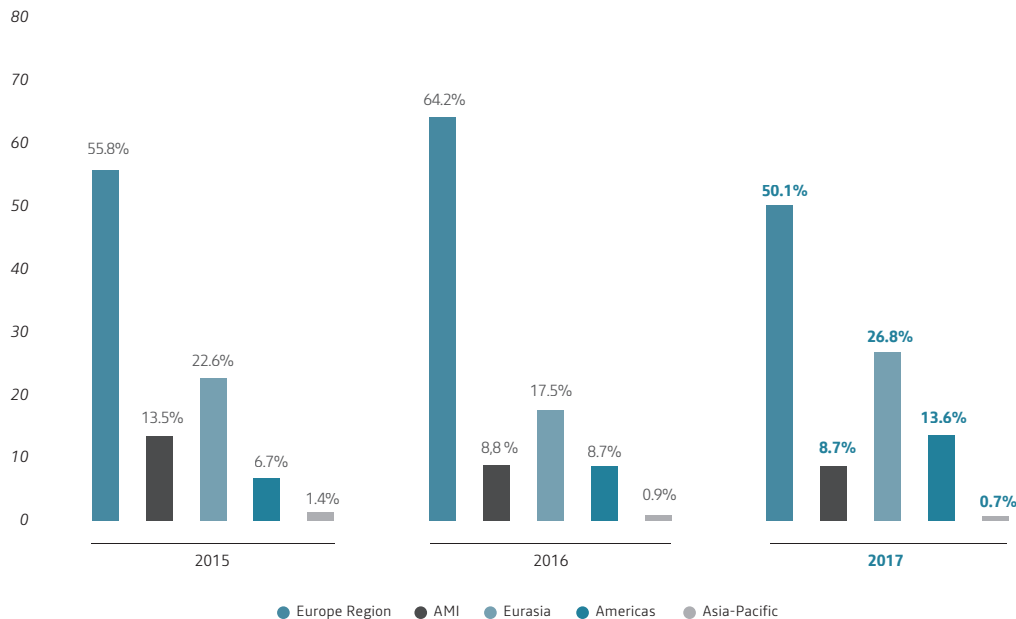
The breakdown by age is calculated on the global scope as of December 31, 2017.

#### Recruitment breakdown

The total recruitment volume in 2017 rose significantly from previous years to 25,432\* (permanent and fixed-term contracts), a 33% increase on 2016. As previously mentioned, this recruitment was in response to business growth, particularly in France, Spain, Romania, Morocco, Turkey, Brazil and India, and to the strategic decision to strengthen the competencies necessary to invent the mobility solutions of tomorrow. In France, the CAP

2020 agreement signed on January 13, 2017 outlined a commitment of 3,600 new hires on permanent contracts over three years. In 2017, the first year of the agreement, 2,600 new hires were made. Added to the 900 other hires in the sales network and RCI, Renault recruited 3,500 new staff on permanent contracts in France in 2017. As of December 31, 2017, Renault had also recruited 926 apprentices under the agreement.

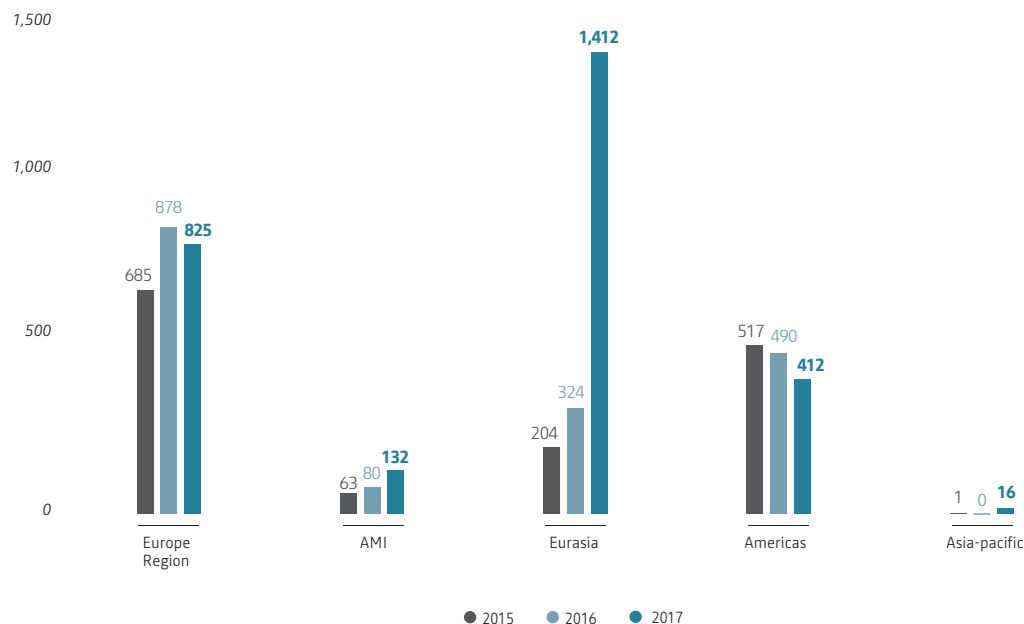
#### ● BREAKDOWN OF RECRUITMENT BY REGION OVER THREE YEARS



\* Recruitment excluding AVTOVAZ: 22,777.

## ● BREAKDOWN OF REDUNDANCIES BY REGION

At the same time, the number of redundancies stands at 2,797, a sharp rise versus 2016 (1,772) on account of the integration of AVTOVAZ (1,132 redundancies).



### 2.4.1.2 Controlled labor expenses

Against the backdrop of strong growth in activity and revenues in 2017, Group labor expenses totaled €6,502 million in 2017, of which €6,229 million in the Automotive branch. They were higher than in 2016 in value (up by €755 million including an impact of +€450 million from the

integration of AVTOVAZ), while their share in proportion to Group revenues continued its downward trend. The "10 major countries" (Argentina, Brazil, France, India, Morocco, Romania, Russia, South Korea, Spain and Turkey) accounted for 90% of the Group's labor expenses.

Labor expenses by Region	2015	2016	2017	Average cost excluding AVTOVAZ
<b>GROUP</b>	<b>5,408</b>	<b>5,747</b>	<b>6,502</b>	<b>47.2</b>
Europe *	4,061	4,349	4,512	63.2
o/w France	3,066	3,221	3,368	71.7
Eurasia	501	521	1,006	20.1
of which AVTOVAZ	-	-	450	N/A
Americas	368	368	435	38.6
Asia-Pacific	298	306	323	71.6
Africa - Middle-East - India	180	203	225	16.8

\* Europe including Renault-Nissan Global Management.

### 2.4.1.3 Flexible work organization

Groupe Renault complies with the legal obligations and collective agreements in terms of working hours of the countries where it has operations.

To preserve jobs and adapt to fluctuations in automotive markets, Renault has instituted a system of flexible work time. It aims to find the best possible balance between the Company's interests and quality of life in the workplace for the employees in question, through consultations with employee representatives and labor unions. The measures focus in

particular on the conditions for reorganizing work time, such as by adding mandatory shifts to meet heavy demand and reducing work time when demand falls, notably by using individual or collective rest days.

At sites in France, for example, the average working week is 35 hours. In factories, the principle is two alternating eight-hour shifts with, in the event of spiking demand, the possibility to add a fixed night shift team.

Groupe Renault is also introducing an **alternative, flexible work time organization**, allowing a better personal work/life balance for its employees with, for example, telecommuting being used in countries where this is possible:

- in France, the telecommuting agreement signed on January 22, 2007 enables employees to work from home on between one and four days a week, if they wish and if their activity permits. More than 2,700 employees had participated in this program as of end-2017. In the satisfaction surveys conducted, telecommuters all say that the scheme improves their personal work/life balance, particularly by reducing their commuting time, and makes them more efficient at work. A specific agreement was signed on July 22, 2016 with SOVAB, setting out the conditions covering telecommuting in this subsidiary;
- in Romania, the telecommuting scheme has been in place since September 15, 2015. More than 600 employees have registered for the scheme and can work from home one day a week, subject to certain conditions. The scheme offers flexibility and improves the quality of working life;

#### 2.4.1.4 Dynamic skills management

The automotive industry is in the midst of a radical transformation. The vehicles of the future will be electric, connected and autonomous, ushering in a new era for mobility. This represents a real challenge in terms of skills management.

In this disruptive context, the dynamic skills management policy which the Group introduced some years ago will be key to its adaptation and performance. It is about preparing for the future, anticipating and keeping pace with the transformation and the changes affecting Renault's core businesses: design, manufacturing, sales and support – while developing the Company's human capital.

Each business-line will have to conduct a global assessment of its skills requirements in order to gauge overall medium-term needs, in line with the real-world developments and priorities for Renault's various entities worldwide. The assessment will rely on an expertise network set up within the Company, composed of experts recognized as being at the top of their field. HR will also provide support for this process.

The action plans resulting from these assessments will look for optimal resource allocation and define the strategic recruitment needs. They will also outline the priorities for training or reskilling to provide the Company with the competencies it needs to make a success of its Mid-Term business plan.

By way of example, in 2017 the IT function identified the roles and skills it will need in future. It analyzed the adaptability of its staff through close consultation with employees and taking their development needs and preferences into account. By developing the appropriate action plans, the

Company can be sure that it will have the right skills. Similarly, the Quality and Customer Satisfaction department, to anticipate the change in its role and develop the necessary HR action plans, has produced a global competency map based on employee self-assessments (participation rate > 90%), confirmed by managers, of the core competencies needed now and in future.

#### The GPEC in France

In France, the "Contract for the sustainable performance of Renault in France" (CAP 2020) was signed on January 13, 2017 for the period 2017-2019. It replaced the "Contract for a new dynamic of growth and social development at Renault in France" signed on March 13, 2013. The Group's strategic challenges and the resulting changes in skills in each business-line have been discussed with the labor unions, notably at the Employment and Skills Observatory held every year. At the end of the Observatory, a map of critical and sensitive skills was distributed to all employees.

Drawing on a comprehensive range of tools, the GPEC is a lever for managing the supply of so-called "critical" skills and the retraining of employees with so-called "sensitive" skills (see definitions in the methodological note). Since its launch in 2011, over 9,800 employees have signed up for the various initiatives offered by the GPEC: support for the start-up or takeover of a business, a period of secure voluntary mobility, working part-time towards the end of one's career, or work exemption for specific careers for employees aged 57 and over, and employees who have completed at least 15 years of shift work or who have a partial disability, who may draw on their pension in the three years after joining the scheme. Certified training programs have been developed to enable employees to change business-lines by teaching them skills that are both more strategic for the Company and more useful in terms of employability. For example, certified training courses continued to be developed in 2017 for manufacturing, leading to an approved metallurgy qualification. These include "Logistics Officer", "Industrial tool and die maker", "Process maintenance electrician", "Industrial maintenance engineer", "Supervisor", and "Workshop manager".

HR offices are located on each site to help and advise employees interested in the scheme. A dedicated intranet site also provides information about GPEC measures, training courses and feedback from employees on the system.

Furthermore, French manufacturing sites are also involved in a Territorial Employment and Skills Management measure (*Gestion Territoriale de l'Emploi et des Compétences*, GTEC). Extremely active in their respective job markets, the Cléon and Douai mobility platforms (P2M) set up by Renault several years ago are now mature enough to coordinate pooled HR initiatives, such as the integration pathways for joint apprenticeships or the pooling of training with local partners (EPI Normandie and the Douai Chamber of Commerce and Industry).

## Training

As part of its Drive the Future 2017-2022 Mid-Term Plan, Groupe Renault has affirmed its commitment to transform the Company into a “**Learning Company**”, empowering all employees to develop their skills and placing managers center stage in this professionalization process.

In the second half of 2017, Groupe Renault also introduced five policy principles linked to the “Renault Way” to offer customers attractive and innovative products and services. One of these five principles, “Learn something every day”, encapsulates Renault’s commitment to embark on a new training drive based on the following pillars:

- the roll-out of a single **Learning Management System (LMS)** for all Groupe Renault subsidiaries, based on uniform and shared training processes. LEARNING@RENAULT will be gradually rolled out to all subsidiaries between 2018 and 2019, covering around 80% of the employees concerned by the end of 2018;
- with the support of the 13 Schools, Groupe Renault will step up **the worldwide roll-out of its business training offer**.

**Training is also an important lever for the Company’s digitalization, which takes a variety of different forms.**

- The Learning & Development department (L&D) is enhancing its Digital Learning competencies to support the upskilling of training project leaders in the schools and L&D teams in subsidiaries. These additional skills will enhance the development of the digital training offer and expedite its international roll-out. From the launch of LEARNING@RENAULT in January 2018, all Group employees will have direct and instant access to online training. The program consists of over 100 business modules and 160 modules on cross-cutting themes (communication, team management, personal efficiency, etc.) available in three languages (as a minimum).
- For example, 2017 marked a new step towards digitizing the training offer of **the Business School**, with the launch of a **Renault brand Ambassador “MOOC”** (Massive Open Online Course). This fun digital training, exclusive to the Renault brand, is designed to help the Group’s employees understand the meaning of the Renault brand, thanks to a “gaming” approach that allows them to act as ambassadors. Rolled out to more than 30 countries, the training also marks a turning point in the internationalization of the school’s program.
- The **Customer Quality Satisfaction School** has also begun developing a new online training course, entitled “The Fundamentals of Quality and Customer Satisfaction”. The aim is to provide an e-learning training course covering the basic principles of Quality and Customer Satisfaction for all employees in this department, irrespective of how they contribute to Quality and Customer Satisfaction, through the widespread immediate roll-out of these modules globally. The first

modules available include Special Technical Operations (service and recall campaigns). These will be followed in 2018 by a series of modules designed to train all Quality and Customer Satisfaction employees on QCS key processes.

- The Learning & Development department supports management committees in their digital transformation through **Learning Expeditions**. The aim of these programs is to foster a digital culture, embrace new ways of learning, and develop collective intelligence. The teams spend time with start-ups and tech firms. Two pilot schemes involving around 20 managers (Finance and HR) were set up in 2017, while three new Learning Expeditions will be carried out in the first half of 2018.
- Launched in 2017, the **“Drive Your Learning” portal** is another opportunity for employees to develop their skills through informal learning based on collective teaching materials and videos. A new program will be introduced in early 2018 around the following three themes: leadership and management, personal development, and digital culture. The selection and curation of content will be done monthly to inspire and motivate employees to explore new content and expand their business horizons.
- Groupe Renault has had a **Digital Passport** scheme for more than two years. A new version will be unveiled in early 2018 on the “Drive Your Learning” website. This will reflect the experience of Digital built up by the Group’s employees over the last few years. This is a three-part online program covering the Digital Passport, Digital Signatures and Expert Case Studies.

**Training is becoming increasingly international.** For example, with the support of a global network of master trainers, the Manufacturing School is helping to set up a School in the Americas region. At the same time, it is developing synergies with Nissan, particularly in dexterity training, and assisting with the internationalization of the Alliance Production Way (APW) training offer across all regions, all with the support of a worldwide network of Master Trainers.

**Full support is being given to the Company’s transformation.** The Engineering School has improved its training offer for autonomous, electric and hybrid vehicles and regulatory requirements and standards. This led to the creation of more than 50 new training courses in 2017.

**The effectiveness of training** is thus essentially reinforced by the gradual implementation of a single training management system, rolled out Group-wide over the next two years, and by an enhanced digital and classroom training offer deployed over a wider international scope. For example, an e-learning module on anti-corruption, available in 14 languages, will be widely implemented across the Groupe Renault scope in 2018. The implementation process will be monitored on a monthly basis.

In 2017, the number of training hours for registered Group employees (permanent and fixed-term contracts and excluding AVTOVAZ) amounted to 3,375,704. The breakdown of training hours by region was as follows:

### BREAKDOWN OF TRAINING HOURS BY REGION

Regions/training hours	2016	2017
Americas	165,089	145,981
AMI	281,809	343,897
Asia-Pacific	118,164	113,518
Eurasia	945,576	907,638
Europe (excl. France)	874,292	866,607
France	844,738	998,064

The breakdown of training hours in the Group's 10 major countries, representing 89.3% of Groupe Renault's workforce (excluding AVTOVAZ), was as follows:

### 2017: NUMBER OF TRAINING HOURS IN THE 10 MAJOR COUNTRIES

Training/country	Argentina	Brazil	France	India	South Korea	Morocco	Romania	Russia	Spain	Turkey
Total hours 2015	35,057	83,642	827,928	161,654	91,805	280,875	417,151	63,286	643,652	274,121
Total hours 2016	45,400	71,538	844,738	158,277	118,164	118,621	465,297	97,998	641,874	379,383
Total hours 2017	40,459	65,271	998,064	210,494	113,246	131,912	432,594	128,996	649,328	343,632

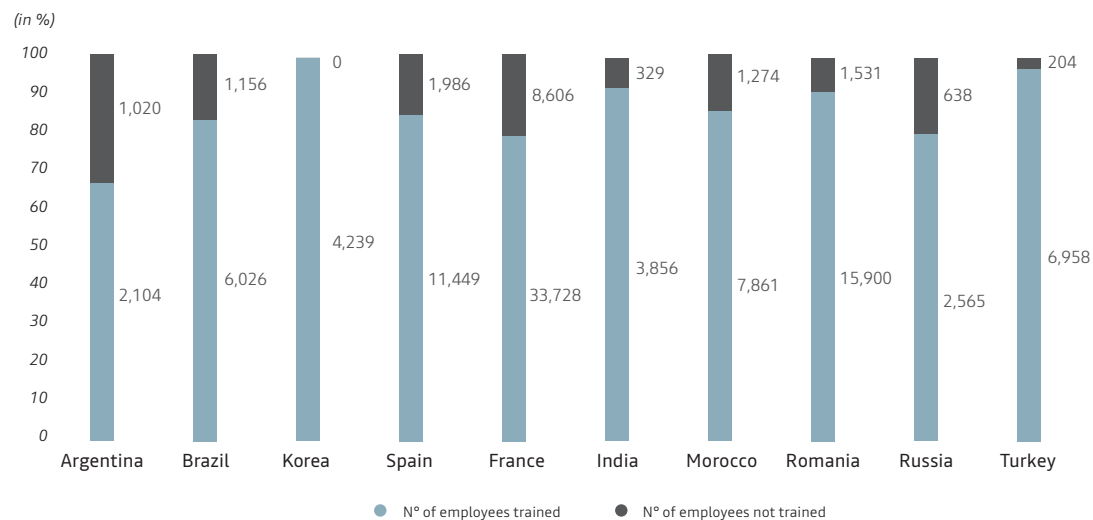
The increase in the number of training hours in France is mainly due to induction sessions for new hires in manufacturing, engineering and support functions. Similarly, Renault Russia has increased its number of

training hours through an induction program for recently hired employees, and has introduced training programs on Quality of Life at Work.

### ● RATE OF ACCESS TO TRAINING AND AVERAGE TRAINING HOURS BY EMPLOYEE

In 2017, the rate of access to training by the Group's active workforce (excluding AVTOVAZ) stood at 84.2%. Average training length was 26.9 hours per active employee of the Group.

The rate of access to training was 85% in the 10 major countries:





## The expertise network to support the Mid-Term Plan

Since 2010, the expertise network has structured and harnessed the Company's knowledge and know-how to implement its strategic orientations and contribute to its performance and to customer satisfaction.

The **49 areas of strategic expertise** are established in all major business activities, with a strong concentration in engineering. In 2017, areas related to new technologies were set up: electrical ecosystems, cybersecurity, artificial intelligence, and existing domains were reviewed to support the digital transformation of all of our business activities.

The network is structured into four levels:

- **the Expert Fellow**, a member of the Renault Management Committee. Responsible for defining and ensuring the coherence of the strategic areas of expertise, the Expert Fellow coordinates the Expert Leader network to structure their production at both the strategic level with the roadmaps and the operational level regarding technical or methodological innovations, support for projects or Quality issues. The collaborative work carried out by working groups contributes to a dynamic of shared progress for the affected business activities as regards the Company's main challenges, which are largely technical. The network can thus be described as an agile organization that serves the

inter-business sector. Participation in regulatory and standardization bodies and their consistency is also one of the network's deliverables;

- **49 Expert Leaders**, each reporting to a Business Vice-President who oversees their roadmap. Expert leaders have responsibility for an area of strategic expertise. They structure and guide their internal network of experts and use an external network consisting of academics, other manufacturers, associations, incubation structures, etc., to enable the Company to work in an "extended" way and expand it through involvement in collaborative or investment efforts;
- **180 Experts**, responsible for secondary fields of expertise, oversee benchmarks, identify relevant partners and invest in the protection of know-how through patents. They are responsible for promoting standards and processes;
- **440 Consultants**, responsible for specific business activities, who improve the state of the art by being "the benchmark" in their practice, thus building standards, capitalizing on them and imprinting them with their experience.

Thanks to its transversal approach, the continuous development of the expertise network enables the pace at which knowledge is acquired to be accelerated, along with the application of this knowledge to the Company's different business activities and projects. Within the Alliance, the Renault and Nissan expertise networks regularly coordinate to work in synergy on strategic roadmaps and joint development projects.

## 2.4.2 Developing talent, promoting diversity and supporting management quality

“Our commitment to diversity is a competitive advantage that helps us to better meet the expectations of our customers around the world, in particular during a period where the so-called emerging markets have become the drivers of the economy.”

CARLOS GHOSN, CHAIRMAN AND CHIEF EXECUTIVE  
OFFICER OF RENAULT

For Groupe Renault, diversity is a key driver of employee performance, motivation and commitment. It is a decisive competitive advantage: diversity in training, experiences, career paths and personalities are sources of innovation.

### 2.4.2.1 Better reflect customer diversity in Renault teams

Renault is committed to widening the cultural diversity of employees in key positions. From this perspective, Renault defines its "international profiles" as "non-national managers, managers who have worked abroad for at least 12 consecutive months, or who have obtained a degree abroad." Renault is continuing the actions initiated under its previous Mid-Term Plan. At the end of 2017, 43.9% of international profiles held key positions (compared with 42.2% in 2016).

### An approach that fosters community spirit

In order to prevent any form of discrimination and to guarantee everyone equal access to employment and development within the Company, the Group has built its diversity and inclusion policy around key issues, such as disability, intergenerational relations, gender diversity, sexual orientation and gender identity, and international profiles. This inclusive approach seeks to understand and value individual contributions and differences, so as to foster an environment conducive to the expression of each person's talent and to collective performance. Groupe Renault's commitment towards all forms of diversity and against any kind of discrimination is reflected in the Global Framework Agreement signed on July 2, 2013 "Committing together for sustainable growth and development".

Adopted at the highest level of the Company and implemented by various stakeholders (Management, Human Resources, CSR, social partners and staff volunteers), this ambition is channeled through a multi-action plan.

A review was carried out in 2016 and 2017: conscious of the limitations of the current “silo” approach to diversity, Groupe Renault is now adopting a more cross-cutting, inclusive policy. To this end, it has set up a broad-based think-tank and decision-making body, the “Diversity and Inclusion Committee”, composed of members of the Groupe Renault Executive Committee and Management Committee. The committee met for the first time on October 17, 2017. Its role is to define the framework of Groupe Renault’s inclusion and diversity policy by taking a holistic view and approach that encompass the entire spectrum of diversity issues.

To help change attitudes in this direction, “Mobilize diversity” (Yammer), an internal community open to everyone, was created in October 2017. At the end of 2017, it had more than 5,000 members, who discuss and share ideas and actions on this issue. The subject of inclusive writing, for example, triggered a rich and intense debate.

### Gender diversity within the Company

In order to promote gender diversity, in early 2010, Renault launched Women@Renault, a comprehensive plan for improving the representation of women at all levels of the Company. This system is based on two complementary components: a Human Resources plan and a social network.

**The first component, Human Resources**, involves talent management (recruitment, training, career management) and Renault has set quantifiable targets for the plan.

At the end of 2017, women accounted for 24.8% of the workforce (including AVTOVAZ), 19.5% of white-collar managers, and 25% of Executive Committee members. Female representation is measured at all levels of the Company. Renault exceeded its objective with 27% of women in key positions in the Group (approximately 2,000 positions) versus 25.9% in 2016. It also increased the percentage of women on the Group’s Board of Directors from 33.3% in 2016 to 43.7% in 2017 (in accordance with the AFEP-MEDEF Code).

In addition to these quantified targets, women are also offered tools to assist with their development, through specific mentoring and training schemes enabling them to fulfill their potential and demonstrate leadership.

Renault is also attentive to the issue of gender equality and of promoting a work-life balance for everyone.

**The second component** of the Women@Renault plan is based on an **internal social network, which from the outset has been mixed, international and multi-category**, where men and women discuss the progress of the equality initiative and analyze best practices.

Since 2014, the Group has sought to **engage men more closely** in its gender diversity policy, as they still make up the majority of the Company’s workforce. Their involvement is therefore essential to further the issue within the business community. The network currently has more than 5,000 members in **14 countries**, 25% of whom are men (compared with 14% in 2014).

The network organizes events and initiatives to promote diversity both at a central level and in the various countries.

In 2017, lunches, round tables and debates were organized at the Company (in France and worldwide), in which both women and men took part. Professional and personal development workshops were organized by Women@Renault on themes such as “working with yourself to work better with others”, “switching to a more harmonious frequency in order to grow professionally”, and “effective time management”. More than 150 women and men attended these workshops in the Paris region.

In March 2017, Groupe Renault was involved in the seventh edition of the “**Printemps de la Mixité**” (Spring gender diversity event), formerly known as *Printemps des femmes*. This annual event attracts both men and women from major French companies.

In 2017, Groupe Renault continued its partnership with the “**Elles Bougent**” association in France. The goal of these female mentors, which include almost 100 Renault employee volunteers, is to create a dialog with these young women and encourage them to consider scientific and technical careers. “Elles Bougent” is seeking to become more international. It is now in contact with Renault Spain and Renault Do Brasil.

Renault is a member of **Observatoire de la Parentalité**. This organization manages a network of stakeholders involved in corporate parenthood in a bid to strike a balance between professional and private life. These two issues play an important part in Renault’s philosophy and actions.

In 2017, the Company also continued its commitment to UN Women (France), a commitment first made in 2016.

A few examples of Groupe Renault initiatives in different countries:

#### Women@Renault in France

Groupe Renault has been a partner of the WAVE\* (Women and Vehicles in Europe) association since its inception in 2008. **In November 2017**, the inter-Company mentoring program for Generation Y was launched, sponsored by Gaspar Gascon, Executive Vice-President Product Engineering at Groupe Renault.

Like other Group plants, the Sandouville plant took part in the Dexterity Olympics. Of the 124 participants, 27 were women (*i.e.*, 21%, although they represent only 16% of the plant workforce); women won three out of the five events.

Several sites also rallied behind International Women’s Day in March 2017.

#### Women@Renault Slovenia

Creation of a Stereotypes Museum, with five videos deconstructing workplace stereotypes in a factory environment.

#### Women@Renault Portugal

Challenge given to students at the University of Aveiro: to produce a video on the subject of “the promotion of women in the automotive world”. The winner was awarded a prize during International Women’s Day.

### Women@Renault Iran

In 2017, in association with the Jihad-e Daneshgahi Center for Control and Treatment of Breast Cancer, Women@renault Iran held awareness-raising workshops at the local head office on the detection of breast cancer and available treatments.

### Women@Renault Brazil

Organization of a conference on stereotypes and unconscious bias.

**The Renault-Nissan Alliance** was a partner of the Women's Forum in France in 2017 for the tenth consecutive year. The purpose of these annual meetings of international leaders is to create a level playing field for women in industry, academia, politics and society. The Renault-Nissan Alliance was represented this year by a delegation of 44 Renault, Nissan and Mitsubishi women and men from 11 countries.

## Sexual orientation and gender identity

In 2017, Groupe Renault announced its partnership with the "Paris 2018 Gay Games". Open to everyone (regardless of age, gender identity, sexual orientation, ethnicity or health), this is the largest global sporting and cultural event organized by the gay community. This partnership, which will allow employees who are interested to show their support and/or take part in sporting or cultural challenges, is an opportunity for Groupe Renault to change attitudes and open up a conversation on this subject.

In addition, as part of the review launched in France by a group of staff volunteers regarding sexual orientation and identity issues (lesbian, gay, bisexual and transgender), several actions have already been put in place in collaboration with Senior Management and the Company's labor unions:

- signing of an agreement on gender equality that includes equal development and compensation between men and women, parental leave and rights for all couples, regardless of sexual orientation;
- updating of texts following Act No. 2013-404 of May 17, 2013 allowing same-sex marriage;
- integrating all areas pertaining to diversity, including awareness-raising on sexual orientation, and in the design of training courses for first-time managers.

## Promoting talent at all ages

Renault is committed to developing talent at all ages, particularly by supporting young people's integration into the workplace and capitalizing on the experience of seniors.

The three-year agreement on work activity for the sustainable performance of Renault in France, signed in January 2017, encourages the employment of young people and older workers. It states that 30% of new hires on permanent contracts must be young people under 30, 40% of whom must have joined the Company under its youth policy at the end of the agreement. For example: in 2017, more than 42% of new hires (in all socio-professional categories) were under 30.

In addition, Renault pursues an active policy that begins in college and continues until they enter the workplace. One of the goals of the CAP 2020 agreement is that 40% of new hires under 30 must have been recruited under the youth policy, either as apprentices, interns or on work placements.

The Group develops programs and actions to forge links between the worlds of education and employment, and to professionalize and develop their employability, with a particular focus on the promotion of diversity and equal opportunities. The activities that the Group carries out through the Renault Foundation in partnership with schools, colleges and universities are described in section 2.5.1.1.

In 2017, against a backdrop of large-scale recruitment, Renault was particularly active in France, in terms of employment, links with schools and sponsorship:

- at end-2017, nearly 2,500 young people were in work-study contracts at Groupe Renault in France (including some 300 professional training contracts and 80 CIFRE [training through research] contracts). In addition, the Company provided internships to nearly 1,200 young people over the course of the year. Internships and work/study contracts are one of the main recruitment pools for permanent hires. A registration process has been set up for applicants with the necessary skills for work/study and intern positions. In addition, an internal forum for people holding work/study contracts and interns was held at the Technocentre, where they could meet our recruiters and receive assistance (with workshops on how to write a CV and search for jobs on social media). The aim was to assist them in the job-seeking process, both internally and outside the Group.
- in February 2014, Renault renewed its commitment, alongside the government, to the inclusion of 800 unqualified young people over three years. Specifically, young people who are struggling to find work, and who have been selected and identified by local initiatives and the job center, are taken on for around two years by a Group plant (Cléon, Douai, Flins, Maubeuge, Le Mans, etc.) or logistics center (Grand-Couronne and Sofrastock);
- as part of its schools policy, Renault has provided funds to 310 eligible teaching establishments and organizations under the apprenticeship tax;
- since 2006, Renault has organized, in partnership with the education sector and other companies, the "Course in Progress" (see section 2.5.1.3); the Group is also involved in sponsorship and partnership activities (see section 2.8.1.3). On June 10, 2017, to support its recruitment drive, Groupe Renault took part in the *Challenge du Monde et des Grandes Écoles* for the third consecutive year.

In addition, 10 teams of students from our target schools took part in a "TWIZY Contest" innovation challenge.

## Integration of people with disabilities into the workforce

The Company has embarked on the internationalization of its disability policy, creating a link/awareness between country initiatives in order to change attitudes towards disability in the workplace and within society in general, to help people with disabilities integrate into the workforce, for example by improving the employability of disabled people (recruitment and retention), challenging preconceptions of disability, ensuring greater accessibility, adapting workstations and providing training.

The employment rate for people with disabilities is 2.54%. Excluding AVTOVAZ the rate is 3.18%, a slight decline from the rate of 3.25% seen in 2016.

At the corporate level, Groupe Renault wants to build a shared, inclusive vision of disability, taking into account regulatory and cultural differences and the initiatives already under way locally. To this end, a survey of 14 countries was carried out in early 2017. This gave the Group a detailed view of the current situation and projects under way.

The 14 countries correspond to 80% of Renault's FTE (full-time equivalent) employees and/or have a corporate foundation.

In support of this endeavor, in 2017 the Company entered into a three-year partnership with the NGO Handicap International. It hopes to benefit from the organization's reputation, legitimacy, visibility and international expertise in disability, based around the subject of professional integration. A film explaining the partnership and the new approach was circulated internally (available in five languages) and on social media to mark the International Day of Persons with Disabilities. The film was also shown on Goodeed, a fund-raising website with 230,000 members, which helps to finance humanitarian projects. By watching the film, members supported the ACTIV program (Access to inclusive work for vulnerable people) in Morocco, which seeks to promote equitable and inclusive growth for people with disabilities and give them access to training and sustainable employment opportunities in the country. ACTIV also aims to raise awareness among Moroccan economic actors and to make their policies and practices more inclusive.

A few examples of the actions implemented in the Group's host countries:

### Brazil

In 2017, Renault do Brazil hired respectively 30 and 35 employees and apprentices with disabilities.

### Spain, Poland and Russia

Following the Rio Paralympic Games in September 2016, these three countries continued their partnership with Paralympic athletes Teresa Perales, Maciej Lepiato and Akjana Abdikarimova.

### France

Renault has been tackling issues relating to disability for many years. In 1995, Renault was one of the first companies in France to sign an agreement for the professional and social integration of people with disabilities, which was also signed by all the labor unions. In 2017, the Company continued its efforts to support people with disabilities, in particular through:

- the signing in France of its eighth agreement for the next three years;
- workstation adjustments, for example: audio induction loops, software for the visually impaired, lifting tables, conveyor belts, pallet trucks, real-time transcription of speech and sign language video interpretation service, etc., in order to maintain the employability of people with disabilities.

The internal social network **Handi@Renault** currently has more than 1,700 members (compared with 1,400 at the end of 2016), both disabled and non-disabled. This is a platform where employees can talk about disability, share the latest news, report any issues encountered and share best practices. It also supports actions that promote the employment of people with disabilities and raises awareness of disability.

Handi@Renault holds regular events to help change opinions on disability. The following are some examples:

- In 2017, several initiatives were aimed at educating employees about **invisible disabilities**. With this aim, the Lardy and Le Plessis sites, Sandouville plant and the Technocentre organized conferences on

"dys" disorders (dyslexia, dyscalculia, dysphasia, etc.). The Cléon plant organized a conference where speakers included Dorine Bourneton, the world's first disabled female aerobics pilot, and where two employees with disabilities demonstrated a visible disability (leg amputation) and invisible disability (diabetes). A "disability escape game", hosted by the charity Accolade, was tested at a site in Boulogne Billancourt.

- In sport, the **Handi@Renault** plan has led to several partnerships, notably with the French Sports Federation for Disabled People, which the Company has partnered for around 20 years by providing funding and vehicles. In return the Federation assists Renault with training and awareness-raising initiatives;
- In France, Renault has also continued its partnership with ARPEJEH (French association which supports young disabled students), and encourages its employees to explain their jobs to young disabled students.

### Portugal

In 2017, a public initiative led to the hiring of people with disabilities (on a six-month or one-year contract). For example, one employee was responsible for maintenance and for serving coffee and water, and accompanied a summer camp attended by the children of employees from the Cacia plant.

### Romania

Renault Romania held another "Diversity Gala" on July 13, 2017, when awards were handed out in four diversity categories, one of which was health and disability.

### Turkey

In view of the high turnover of employees with disabilities, the Bursa plant took steps to address the problem. The plant's disability unit contacted the local council in Bursa and local disability organizations, and also held multi-profession workshops with plant employees who had worked with or trained disabled employees. Moreover, people with disabilities often struggle financially, which can be a barrier to entering the workplace. To recruit more people with disabilities, the Bursa plant therefore decided to cover accommodation costs for employees with a disability (for staff required to move closer to the plant) during their probationary period.

## 2.4.2.2 Preparing tomorrow's leaders

The Human Resources function develops personal development policies and practices for the Company's men and women to enable them to adapt to the new challenges faced by the Group and to support the implementation of Group strategy.

With a talent-spotting process shared by all business-lines and all Regions, and with the coordination of a diversity policy, Renault promotes equal opportunities and embraces diversity to pave the way for the Group's future in an increasingly global world.

To ensure that it has a robust talent management process, it is Renault's ambition to have a succession plan for each key post within the Group. Each month, an indicator published by HR helps to ensure that succession plans are drawn up.

The policies for talent development defined in 2012 have evolved to adapt to the Group's international expansion:

- implementation of precise and consistently defined selection criteria worldwide for identifying individuals with three levels of potential. To encourage diversity, the criteria of age and fluency in French have been dropped;
- decentralization of the talent detection process (for the three levels) and talent validation (for two levels). The countries and Regions are responsible for identifying high-potential employees and candidates for key positions.

### Renault leadership assessment

Another tool used to detect talent in addition to the sustainable performance assessments and individual appraisals is the Renault Leadership Assessment (RLA). This development tool is based on seven leadership criteria in accordance with the Renault Management Way standard. Carried out with the assistance of a specialized consulting firm, the RLA is both an employee development tool and a decision-making tool for the Career Committees in charge of talent management at Renault. It reinforces objectivity and fairness in the assessment of employees with potential. Over 1,000 people have undergone the RLA since it was introduced in 2012 for the three levels of potential. The RLA is also used for collective analyses which help to adjust the priorities of the Group and development tools.

The individual results produced from the RLA are shared with the employee in question, and used to draw up an individual development plan, which might consist of several elements:

- complete training programs like those of Business Schools;
- training programs that enhance specific skills, both in terms of knowledge (finance, international negotiation, etc.) and in terms of soft skills (e.g. communication);
- career assessment;
- personal coaching, done externally or internally, to prepare for a new position critical for Renault or to improve specific points (managerial stature, communication, etc.);
- mentoring (learning about other Company business-lines, management through innovation, peer relations, etc.);
- learning situations, through a change of function or participation in work groups or cross-functional teams;
- international assignment.

### Openness to multicultural partnerships

These development plans also include opportunities for multicultural partnerships, particularly in the Alliance with Nissan.

Since 1999, employee exchanges have been one of the mainstays of the Renault-Nissan Alliance. These exchanges have improved collaboration between the two companies and enabled the implementation of synergies and best practices in the Alliance. In addition to those on temporary assignment, around 200 employees of Renault and Nissan were working at the partner company in 2017. Most of these exchanges involve high-potential individuals, so that tomorrow's global leaders gain more international experience, or experts, in order to share and develop critical skills within the Alliance. These exchanges of experts are managed at regional level.

In addition to these exchanges, a joint Renault-Nissan training program is helping to develop an Alliance culture. Designed for high-potential individuals and senior executives in the two companies, the Alliance Leadership Development program (ALDP) contributes to a better understanding of the partner Company and thus to the strengthening of synergies.

The links with Renault's other partners (Daimler and AVTOVAZ) are also reinforcing an international outlook and the capacity to work productively together.

### 2.4.2.3 Targeted support for management development

Groupe Renault has developed its management and business conduct criteria, in line with the Group's current initiatives, such as the Customer Satisfaction Plan, HR priorities for the next three years, and the action plan resulting from the employee survey.

The previous systems – Renault Way and Renault Management Way – have now been replaced by a single reference framework, Renault Way, shared by all managers and employees.

Renault Way is structured around five principles: "Always keep the customer in mind; Bring your contribution; Share reality openly; Keep on learning; Make it simple". Each Groupe Renault employee is encouraged to link the Renault Way principles to his or her work and to take a simpler, more pragmatic approach with more focus on the end customer.



Apart from the communication campaign aimed at Groupe Renault employees, a specific support tool, Renault Way Team Experience, will assist managers and their teams until 2020. This three-day seminar (two days followed by a feedback day) is designed to help managers translate

the five principles of the Renault Way into concrete daily actions and behaviors within their teams.

The management training offer will also be gradually updated to support managers' development, in line with the five principles of the Renault Way.

For the Manufacturing teams in particular, a training program was designed for first- and second-line managers, called Managing@Renault. The aim of this eight-day program is to:

- improve the competencies of Workshop managers and Team Leaders;
- standardize and share common management practices based on the five principles of the Renault Way;
- promote good management skills.

The program, which was tested at the Cacia plant in Portugal, will be rolled out to the Group's other plants in 2018.

In 2017, the following initiatives were also carried out:

- In France, the Primo-manager course introduced in 2017 was enhanced by a new training module: "Managing the Quality of Life at Work." New initiatives were also carried out with collective coaching sessions for a team of managers and "digital manager" training for managers involved in the Group's digital transformation.
- In Romania, a program aimed at managers has been launched to strengthen their ability to simplify processes and improve digitalization, mainly through the use of Yammer.
- The Morocco Management School was set up in June 2015 to meet the training needs of local managers: first-line managers (CUET, etc.), managers of managers (Workshop managers, etc.), heads of department and members of the management committee. A special program for senior managers has also been in place since 2017.
- The Americas region launched the first regional "Leadership Campus" program. Mexico, Argentina, Colombia and Chile joined in 2017.

In addition to the coaching assignments entrusted to external actors for a limited number of managers in various Group countries, Renault continues to develop internal coaching with the certification of new internal coaches (heads of HR or managers). In 2017, the heads of HR in France were trained in coaching techniques in order to improve the provision of this support.

#### 2.4.2.4 Enhancing Renault's image as an employer of choice

In order to support its efforts to attract talent in both France and abroad, against a background of significant recruitment volumes, in 2016 Groupe Renault decided to bolster its digital strategy by launching a raft of initiatives:

- Renault's presence in **digital communication channels**, including the world's main professional social network, LinkedIn, by adding a Careers tab for more countries on the Company's homepage. Pages have now been set up for France, Spain, Russia, Romania, Turkey, Argentina, Brazil, India, Morocco, and corporate.

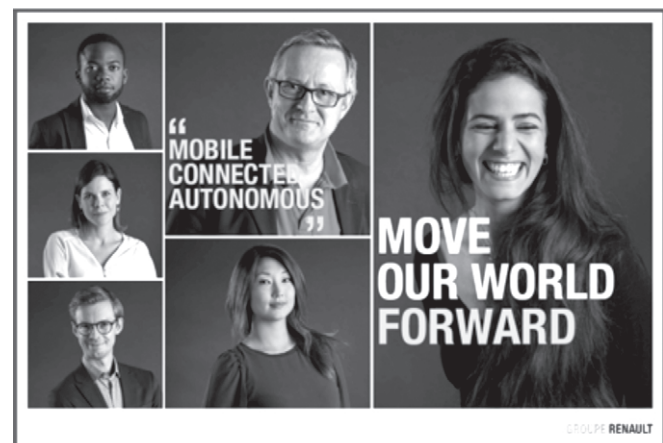
This is an essential tool in the communication strategy of a company that wants to manage its online presence, promote its employer brand strategy, demonstrate its relevance and present its products and services innovatively through content customization. Followers of this page can opt to receive information about the Company, its products and new career opportunities that are posted on the site.

- The Group also boosted its presence on Facebook, where a Jobs tab now appears both on the Facebook corporate Renault page and the Dacia page;
- the Group also decided to use the "Pathmotion" app on its Corporate Career website. This is a platform that the Company provides to potential candidates. Questions can be submitted to the "digital ambassadors" selected by the Company, who in return agree to provide clear, long-term answers. The questions and answers will be rapidly form an FAQ (Frequently asked questions), to provide quick and accurate information. Groupe Renault ambassadors can also voice their opinions on the Glassdoor website, where employees award scores based on different criteria (career opportunities, work/life balance, leadership, etc.), so that potential candidates can compare it with other industrial groups when making career choices. In 2017, Groupe Renault in France was named Best Employer in the Glassdoor ranking, coming eighteenth in the list of the top 25 companies.

In 2017, our HR policy focused on attractiveness and recruitment. The aim is to attract a wide range of talent and skills, to meet the expectations of the new generation of talents we need, and to be a more attractive employer by entering the Universum Global Top 50 business ranking by 2022.

To achieve this, Groupe Renault has been developing its employer image and its communication strategy for candidates. This comprehensive approach is based on the definition and promotion of the Groupe Renault "Employee Value Proposal" (EVP), expressed by a broad tagline, "Move our World Forward". This promise is structured around three key messages related to the business and HR priorities. *Why choose our industry? To reinvent mobility for everyone. Why choose us as a manufacturer? To benefit from the diversity of the Alliance. What do we promise each day? To grow with us and have an impact.*

With this EVP, Groupe Renault seeks to attract talents who are like our vehicles and business strategy: "Mobile, Connected and Autonomous". The campaign – in which employees are our brand ambassadors – was launched on Induction Day on October 13, 2017, which was attended by Mr. Ghosn.



The employer promise will also have an impact on the different stages of the candidate and employee experience (attraction, recruitment, integration, engagement and retention), in order to make our promise credible within the Company.

## 2.4.3 Developing an empowering and attractive environment

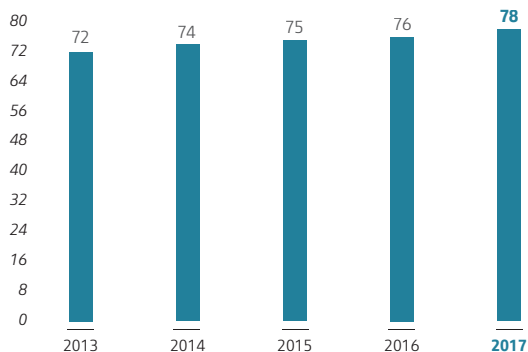
For the fifth consecutive year, from November 15 to December 6, 2017, all Group employees were invited to express their views in terms of engagement through the **Group employee survey**. As in previous years, the survey was carried out by an independent <sup>(1)</sup> firm

This annual survey enables changes in key indicators to be monitored and Renault's results to be compared with the average of those of other companies in the panel ("global standard"). The survey **measures changes** in two key indicators: **engagement and enablement**.

This provides the Company with a snapshot of employee perception, which it can use as a **progress indicator**.

With over 108,000 respondents, the 2016 survey recorded a participation rate of 92%, or an increase of four points over 2015. This very high rate exceeds the global standard by 12 points.

### Engagement results



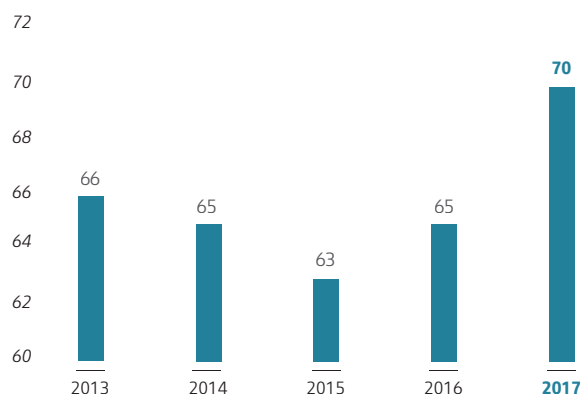
The level of engagement by Group employees – namely, the Company's ability to stimulate its employees' enthusiasm, and to make employees want to come and work and to give the best of themselves - has increased by two points to 78% compared with 2016, and is above high-performing companies.

The key factors of engagement remain solid:

- pride in working for the Group: 85%, or two points higher than in 2016 and six points higher than the global standard;
- motivation to exceed the required duties to contribute to the Company's success (84% or 12 points higher than the global standard);
- Renault's appeal as an employer (74% of employees would recommend Groupe Renault as an employer). This figure has increased by two points versus the previous year, and is three points higher than the Hay global standard.

The survey results are a testimony to employee support for and confidence in the Group's strategy, notably in its ambitions as defined through the Drive the Future strategic plan. In all, 70% of employees (three percentage points more than in 2016 and a percentage point above the norm) believe that the Company's ambitions are clear, while 87% of them (five percentage points more than in 2016) grasp the link between their personal contribution and the Group's collective performance.

### Enablement results



The second indicator, enablement, describes Groupe Renault's ability to create the right conditions that enable each employee to perform his/her duties in the best possible way. At 70%, this indicator was five points higher than in 2016. This score was two points over the global standard.

The results showed improvement on the main issues: 77% of employees thought that their skills were well-used (an increase of seven points vs. 2016), and 74% found that their job enabled them to do interesting and motivating things (up six points vs. 2016).

Moreover, 62% of employees believed that their working conditions enabled them to be effective (six points higher than in 2016), while 67% of them felt that there were no barriers in their team preventing them from properly performing their role, resulting in an improvement on 2016 (up three points), and eight points higher than the Hay global standard.

### Employee confidence in the Alliance

The Group's employees expressed strong support for the Alliance, owing to the global success of Renault-Nissan-Mitsubishi and the ambitions set out in the Alliance 2022 strategic plan. In total, 81% of them had confidence in the ability of Groupe Renault to compete with its main competitors, largely due to synergies between the Renault-Nissan and Mitsubishi partners. The Alliance is also a personal motivator for 73% of employees.

(1) Korn Ferry Hay Group is an independent firm which conducts the same survey for a number of major international companies.

In addition to measuring changes in employee engagement within the Group, the survey results enable fine-tuning of the action plans implemented in 2017.

The next annual survey will take place at end-2018. This has become an effective tool for managers to measure progress, as well as an opportunity for dialogue within the Group to foster employee engagement.

### 2.4.3.1 Improving the work environment

In line with Groupe Renault's philosophy of continual improvement, a new Health, Safety and Environment (HSE) division was established in September 2016. Under the direct responsibility of the Executive Committee, it covers the entire Group scope: manufacturing, logistics, sales and after-sales, engineering and tertiary activities.

In addition, all health and safety indicators were redefined in January 2017 to make them more rigorous.

The new HSE division has adopted a pragmatic approach. After embarking on an extensive program of diagnosis to the various sites and departments, it decided to strengthen Groupe Renault's 10 Mandatory Rules of safety and incorporate the 74 key points associated with them.

The 74 key points are monitored actively and continuously and will be adapted as and when the HSE division deems it necessary.

### Management system

Groupe Renault has devised a strategy together with a roadmap for implementing the 10 Mandatory Rules and 74 key points, based on the principle of continuous improvement.

Each plant has its own safety DOJO (a safety training school where learning takes place under simulation conditions) with a workshop dedicated to each of the 10 Mandatory Rules. The HSE division has approved a standard safety DOJO. Its implementation is currently under way at the sites. If necessary, it may be supplemented by additional workshops to highlight the risks specific to each site. Everyone working at Renault's facilities must complete DOJO training, regardless of their level of seniority or company.

Renault's strategy includes an evolutionary site classification system. The head of management systems and audit from the HSE division monitors the schedule in accordance with the deployment roadmap and classification criteria. Audits and coaching are repeated every two, four or six months, depending on the results of the last audit. At least two members of the HSE team carry out the audit and coaching for a site. From 2018, other members of the Renault Health & Safety network will take part in field audits.

Renault scoring criteria for Renault's 10 Mandatory Rules audits

Classification	E	D	C	B	A
Verdict	Unacceptable	Unsatisfactory	Partly satisfactory	Satisfactory/good	Excellent (Want to be)
Score	≤ 33%	34 to 57%	58 to 74%	75 to 89%	> 90%

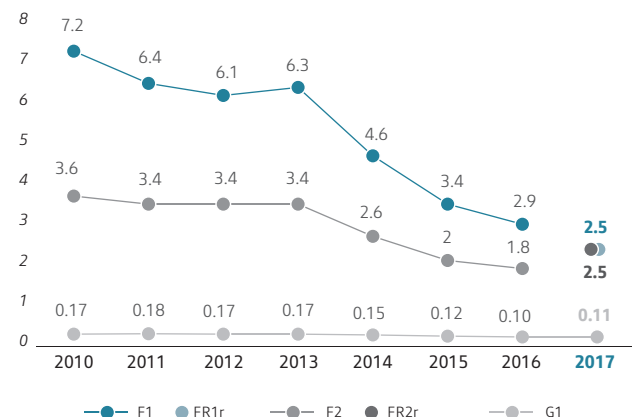
The results of the 10 Mandatory Rules audits are used to identify areas for improvement. This includes continuing to design standard technical visuals illustrating expectations around the 10 Mandatory Rules. This approach will continue in 2018 and beyond, so as to cover all the necessary themes.

In parallel, Groupe Renault continuously monitors the effectiveness of its HSE indicators, associated definitions and Gemba results. Renault thus ensures that its actions are consistent, that the risks are fully covered, and that the mechanisms put in place to manage those risks bring them down to an acceptable level.

## Groupe Renault safety results

### Workplace accidents

The action plan implemented from late 2013 has yielded significant results and a welcome and continuous reduction in F1/FR1r-type accidents. This reduction continued in 2017, despite the more stringent definition of the FR1r indicator, introduced in January. In contrast, the rate of workplace accidents with lost time rose in 2017. This indicator will be examined by management in 2018.



F1 rate: Workplace accident frequency rate requiring external care for Renault employees.

FR1r rate: Workplace accident frequency rate requiring more significant medical intervention than first aid for Renault employees. This corresponds to a defined list of injury types on which Groupe Renault intends to focus.

F2 rate: frequency of workplace accidents with sick leave involving Renault employees.

FR2r rate: frequency of workplace accidents with sick leave involving Renault employees (several additional exclusions compared with F2).

G1: severity of workplace accidents (calculated from the number of days of sick leave).





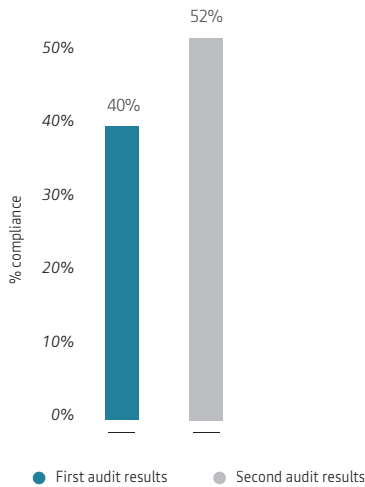
The main difference between F1 and FR1r is that the new definition is based on the type of injuries, whereas the previous definition was more concerned with the nature of the treatment given to the injured person (on-site/off-site).

In 2017, the FR1r accident figures for the Renault business were overestimated due to the difficulty in identifying accidents corresponding to the new definition. Work will be carried out in 2018 to align the data. In 2018, as part of its continual improvement process, Renault will include temporary workers in its indicators.

**Safety audit results**

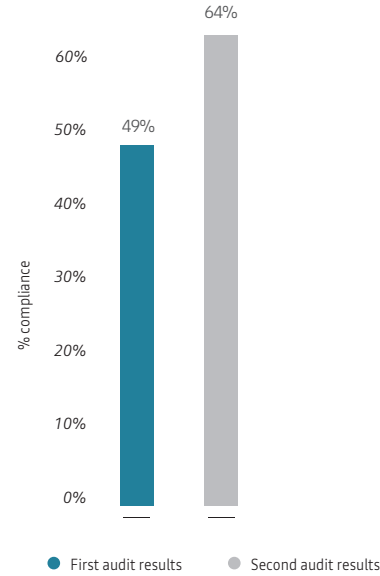
Between the official launch of the audits and coaching in March 2017 and the end of the year, the HSE division conducted 109 audits and follow-up audits at manufacturing, logistics, sales and after-sales, and engineering sites.

As expected, the results vary widely within the Group and among the different entities. However, a general trend clearly emerges showing a clear improvement in compliance with the 10 Mandatory Rules. The results also reveal the areas that the Group needs to concentrate on.



Of the 24 manufacturing sites audited in 2017, the average percentage of compliance during the initial audits was 46%.

Of the 15 sites audited several times in 2017; i.e., those with the lowest results following the initial audit; the percentage of compliance improved from 40% to 52%.



Of the 47 sales and after-sales sites audited in 2017, the average percentage of compliance during the initial audits was 52%.

Of the 16 sites audited several times in 2017- i.e., those with the lowest results following the initial audit - the percentage of compliance improved from 49% to 64%.

Despite the heterogeneity of the site results audits all lead to the conclusion that from one site to another, it is the same Mandatory Rules and related key points that are showing significant divergence from the guidelines (in particular Mandatory Rules 2 and 3, which deal with machine safety).

These risk areas are being specifically targeted and will feature among the priority themes of the HSE division's strategy aimed at "zero accidents".

**Workstation ergonomomy**

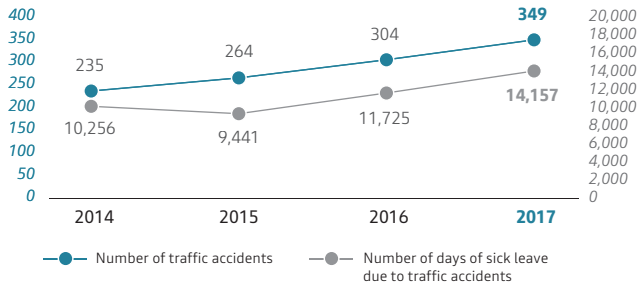
As part of its continual improvement program, the HSE division also supports the various tools developed by the ergonomics project teams (Golden Rules of Ergonomics, Ergonomics Evaluation Methodology, etc.).

The HSE division is currently developing new software for reporting, notifying and monitoring occupational illnesses and accidents. This will be operational by the end of 2018. The software will allow faster and more accurate analysis of the data collected. It will also improve and refine the current ergonomics strategy.

### Accidents on public roads

The concept of traffic accidents has also changed since early 2017. It now covers any accident occurring on public roads, regardless of the reason for the journey (between work and home, between work and a supplier's premises, between home and a supplier's premises, between different Renault sites, etc.).

Traffic accidents at Renault sites are excluded from the definition of accidents on public roads since they occur on private property. However, they are included in the frequency rate of workplace accidents.

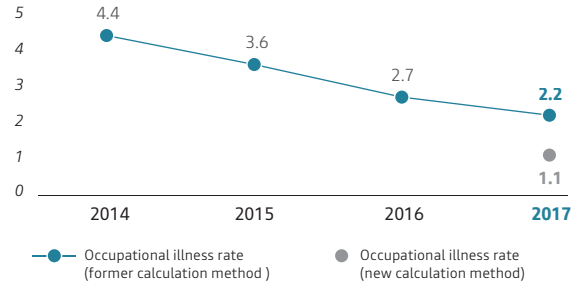


The increase observed between 2016 and 2017 is partly due to changes in the definition of traffic accidents. Unfortunately, this trend has deteriorated since 2014.

Groupe Renault does not have the same levers to reduce accidents on public roads as it does for reducing workplace accidents. Nevertheless, it has launched initiatives to reduce ALL accidents, including those on public roads. For example, the HSE department is also working on organizing training sessions with the Renault Road Safety team.

### Occupational illnesses

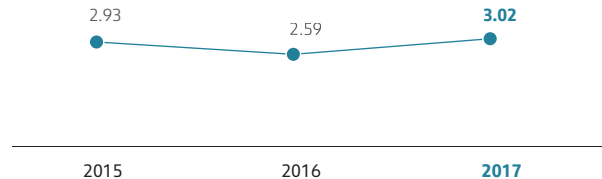
Even though the trend for occupational illness trend is declining, the HSE division is currently reviewing the scope and definitions pertaining to occupational illnesses as part of the continuous improvement drive.



\* Rate of occupational illnesses contracted by Renault employees following prolonged exposure to an occupational risk (noise, chemicals, posture, etc.), reported as such to an external body if the regulations in force in the country so provide. Rate of reported occupational illness per 1,000 employees to end-2016. Occupational illness rate reported per million hours of exposure to occupational risks from 2017 onwards. This rate includes occupational illnesses, reported with or without sick leave.

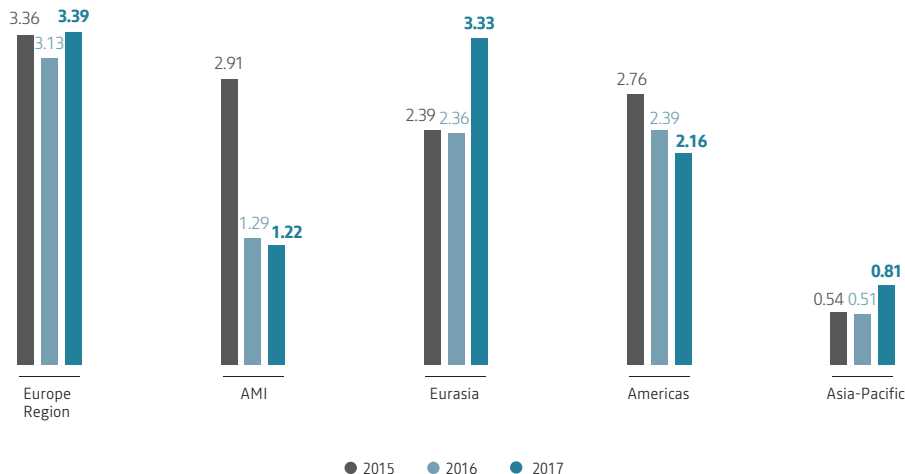
The rate of occupational illnesses has been decreasing steadily since 2014. The Ergonomics Golden Rules implemented in new projects and improvements to the work environment have contributed to this improvement.

### Group absenteeism



In 2017, the consolidated absenteeism rate for the Groupe Renault scope rose to 3.02%. This increase is mainly due to the impact of the integration of AVTOVAZ.

### Absenteeism by region



The rates vary greatly from one country to another, particularly because of the extent of social security coverage (whether provision is covered by public bodies or not). Rates decreased in all Regions except Eurasia, where they have remained stable since last year.

The absenteeism rate is expressed as a percentage and is calculated on the basis of the average monthly workforce (permanent + fixed-term contracts) and the yearly theoretical number of working days.

The number of days of absence is expressed in working days, excluding short-time working, layoffs, strikes, and holidays (including maternity leave). An explanation of the calculation method is available in the Methodological note.

### A global framework to ensure long-term convergence between group performance and employee quality of life in the workplace

A global framework for the work environment was introduced in 2012. In line with the global framework the Group deploys measures to protect the health of its employees and the quality of their working life, notably through awareness raising and training campaigns. These campaigns deal with issues such as food hygiene, addiction, accidents in daily life, road safety and sport.

Its aim is to balance the quality of life in the workplace whilst supporting the Company's long-term performance objectives. This initiative is endorsed by the 2017-2019 multiyear agreement on sustainable performance negotiated between the Renault Executive Committee and the unions.

This general framework is based on four key areas:

- workplace environment and workspaces: access to premises, travel, collaborative tools, location;
- work-life balance: homeworking, meetings, employee services;
- management and commitment: participation, recognition, team spirit;
- health and well-being: intercultural exchanges, sense of belonging to the Group, general ambiance.

More specifically, regarding the prevention of **psychosocial risks and work-related stress**, a training course to help identify people who might be having problems and to improve **quality of life at work** was introduced in 2012. A training course entitled "Addressing the quality of life at work, preventing psychosocial risks" has been introduced at several sites. More than 2,700 managers have received training in France since 2014. A module aimed at new managers was rolled out in 2017: two sessions were organized with some 20 managers thus trained.

This complements the system for prevention and handling these issues:

**International mobility and health and safety checks** also contribute to the convergence of performance of the Company and Quality of life at work of employees, particularly through active health checks and mobility assistance with:

- a pre-departure medical review and recommendations, depending on the destination country;
- a health check, offered every two years in the expat country or in the home country;

- a worldwide health and safety assistance scheme ensuring that any employees on secondment can receive the necessary care.

In 2017, a **telemedicine service** available in 16 languages was set up to treat physical or mental health issues for all Groupe Renault expats and their families. This telemedicine service provides access to psychotherapists, counselors, dermatologists and speech therapists.

### 2.4.3.2 Assessment, development and compensation

The performance appraisal, development and compensation system has the two-fold objective of being fairer and more competitive. Talent@Renault is a global approach combining these three aspects (assess, develop, remunerate), which was first implemented in late 2012 with the deployment of a single tool for use by managers, employees (white collar), and the HR function. **Performance is assessed** on the basis of three principles: team spirit, shared criteria, and dialog, using the performance review.

Job performance is assessed according to specific criteria that are identical for all employees. The assessment made by the employee's manager is now systematically supplemented with an appraisal by other staff members, to ensure greater consistency and fairness within the Company. The assessment is based on a discussion between manager and employee during the annual performance review. The performance review is an opportunity to look at the results of the past year, to set objectives for the year ahead, and to discuss the employee's contribution to the Company's performance. This meeting is also when employees formalize their training requests and discuss their career outlook with their manager. If results fall short of expectations, an improvement plan is implemented by the manager and employee to give fresh impetus to individual performance.

Talent@Renault also provides a way to share common policies and practices in **employee development** at Group level, such as the criteria for selecting high-potential individuals, the systematic implementation of development programs for these people that include a career plan. Talent@Renault is now a tool for more closely managing the succession plans for the key positions in the Company.

The **compensation** of white collar staff is based on:

- **the level of responsibility.** Positions have been assessed according to their level of responsibility, using to the Korn Ferry Hay Group international methodology. This assessment makes it possible to draw up a complete internal mapping of positions across the various business-lines and Regions, thereby ensuring greater transparency and global equality of career paths. Another advantage is that Renault can compare its pay scales with the market to better manage competitiveness and the attractiveness of the compensation policy. The fixed and variable compensation system is now determined on the basis of this job classification. By end-2017, this job assessment method had been introduced in 37 Group countries;
- **work performance**, or the capacity to perform a role, defined with precise and shared criteria to make assessment more objective and standardized within the Group;
- **the extent to which targets are achieved.**

Analysis of these three components ensures that compensation is based on the individual's contribution to the Company, independent of any other factor.

The variable part of the compensation of managers and executives is calculated according to the following principles:

- the higher the level of responsibility, the higher the percentage of variable compensation;
- the higher the level of responsibility, the higher the percentage of collective targets;
- payment of variable compensation is determined by achievement of two targets at Group level.

Two systems are applied:

- a Group system for executives in positions with the highest levels of responsibility;
- a system defined at country level for other managers and executives.

The compensation of senior executives is discussed in section 3.4.

### Employee profit-sharing

Renault has an incentive scheme for employees in France that includes the redistribution of Group profits as well as bonus payments for contributions to site performance.

### 2017 financial year

A new agreement for 2017-2019 was signed on March 10, 2017. As before, this agreement has two parts:

- profit-sharing linked to the Group's operating margin;
- local incentive schemes based on site performance.

Over the past three years, profit-sharing and performance-related bonuses at Renault s.a.s. totaled the following amounts:

Year (in € million)	Aggregate amount: incentive + performance-related bonuses
2015	111.1
2016	156.2
<b>2017</b>	<b>178.8</b>

### Employee stock ownership and savings

In France, Renault operates a voluntary company savings plan open to all subsidiaries that are more than 50% owned (10 member subsidiaries). The plan consists of seven employee mutual funds (FCPE) invested in accordance with socially responsible investment (SRI) standards and endorsed by the Labor Union Employee Savings Committee (Comité Intersyndical de l'Épargne Salariale), and two FCPE funds invested in

company stock (Renault share, ISIN code FR0000131906). The securities held in the SRI portfolios are selected on the basis of the issuer's employment policies, working conditions, corporate governance, and compliance with environmental standards. Employees can make top-up payments into these seven savings funds and the Action Renault Fund throughout the year.

In 2017, the total amount of the incentive invested in the schemes was €78.7 million, an increase of 58.35% from 2016.

In addition, the total payments in 2017 amounted to €87.2 million.

Renault has introduced a Group Retirement savings scheme (PERCO), enabling employees to build up savings that will be available in the form of annuities or a lump sum when they retire.

With this system, employees can pay their profit-sharing bonuses, voluntary payments or part of their individual time savings leave (CTI, up to 10 days per year) into the plan. In addition, Renault contributes the equivalent of 30% of the CTI days paid into the plan.

Employees can choose between free management of their savings, the funds proposed as part of the selected Group savings plan (with the exception of the Company share ownership funds) or management through the generational funds in the BNP Paribas Retraite Responsable range.

In 2017, total payments into Renault's Group savings scheme amounted to €16.4 million, of which 29.2% came from the cash-out of paid leave.

The total value of Renault's company savings plans at December 31, 2017 was €949 million (see Appendix 2.9.2).

Since December 2015, BNP Paribas E&RE has managed the Group savings plan and collective retirement savings plan for Renault.

### Collaborative innovation

For over 20 years, a desire to involve all employees in the collaborative innovation process has been firmly rooted in the Renault culture. This specific aspect of recognition involves listening actively to all opportunities for progress raised by employees, as well as the ongoing support offered to them in searching for and implementing both ideas and suggestions for improvement. The process extends into the Company's internal communications, where all of the most significant achievements are reported.

The process is based around two conditions, which are Ideas for Progress and Progress Groups.

Concrete Ideas for Progress are those provided spontaneously which improve a product, a service or working procedures. The Progress Groups are instigated by local management, and focus on defined and concrete issues. They meet in order to identify and resolve work-related issues within the UET (Elementary Work Unit).

## 2.4.4 Social dialog

In 2017, social dialog within the Group remained dynamic, reflecting the commitment to use negotiation to tackle the modern-day challenges of balancing the Company's competitiveness with social cohesion, while considering a range of expectations and diverse economic situations.

Based on this practice, Renault has partnered with ESCP Europe and with three major international groups (Airbus, Sodexo and Solvay) since 2016 to create a new "Social dialog and Company competitiveness" chair. This creation of this chair aims to explore the conditions for successful responsible social dialog on an international scale, in a worldwide society in constant flux which is increasingly characterized by political, economic and social instability.

### 2.4.4.1 A social dialog across five continents

The Groupe Renault Works Council (Comité de Groupe Renault, CGR) is the sole forum representing all Groupe Renault employees worldwide. Involving Senior Management representatives and 40 employee representatives from countries in which the Company is present, the Council reflects the geographical, social and professional diversity of Renault worldwide.

As the preferred forum for open and responsible international dialog, it allows Senior Management and employee representatives to discuss the Group's position and strategic direction, and also the interests of employees as a whole, while respecting all stakeholders. The Works Council may therefore be convened:

- as the Worldwide Group Works Council, bringing together 40 members from 26 countries;
- as the European Works Council, bringing together 31 members from 19 European countries;
- as the Group Works Council Restricted Committee, comprising 11 members elected by the Worldwide Group Works Council;
- as the France Works Council.

This regular dialog enables Senior Management and employee representatives to anticipate more accurately any social aspects of changes at Groupe Renault level, in order to combine the Company's financial performance and social development in the context of globalized competition.

Groupe Renault Works Council is also the forum that monitors the global framework agreement "**Committing together for sustainable growth and development**", agreed on July 2, 2013, by Renault Senior Management, the Groupe Renault Works Council and the IndustriALL Global Union.

At Group level, social dialog is marked by a strong commitment to supporting the main strategic goals of Groupe Renault as closely as possible to current situations and on the ground.

In 2017, the Group Works Council Restricted Committee was therefore able to discuss the new Drive the Future strategic plan with the Chairman and Chief Executive Officer, Carlos Ghosn. Meeting as the European Works Council, it was also informed and consulted on the Group-level implementation of plans to introduce a whistleblowing mechanism in accordance with the French "Sapin II" act.

Discussions with business experts at the plenary session also gave members of the Worldwide Group Works Council an insight into the global automotive industry, the vehicles of tomorrow, and future technical and technological innovations, together with the new challenges that core divisions such as engineering will have to meet.

Members of the Group Works Council Restricted Committee also went to India, Portugal and France, to the Sovab plant in Batilly, to mark 20 years of the Light Commercial Vehicle business unit, and to the Maubeuge plant (M.C.A.), as part of the strategic cooperation with Daimler.

For the first time, members of the Nissan European Works Council joined members of the Group Works Council Restricted Committee at the plant in Flins to mark the start of production of the Nissan Micra at the plant.

Lastly, regular meetings take place between the Works Council and the Group HSE Director to discuss results relating to working conditions and the goals to be achieved, as well as the results of local audits.

## Global framework agreement

“Committing together for sustainable growth and development”.

The global framework agreement is a frame of reference for the application of Human Resources policy internationally, in accordance with national legislations and local social dialog conditions.

### KEY POINTS OF THE GLOBAL FRAMEWORK AGREEMENT

- Ensure compliance with the principles set forth in the 1998 Declaration on Fundamental Principles and Rights at Work prepared by the International Labor Organization (ILO).
- Promote social dialog, notably through complying with the principles established in the International Labor Organization's Freedom of Association and Protection of the Right to Organize Convention No. 87 of 1948, and its Right to Organize and Collective Bargaining Convention No. 98.
- Protect health, safety and the quality of life at work, by defining a “health and safety and workplace environment” policy, involving managers, employees, health and safety professionals and employee representatives, according to their fields of responsibility.
- Manage skills and employment, by anticipating as far as possible changes in business-lines through a dynamic skills-based approach, while promoting diversity.
- Ensure compliance with the provisions of the ILO's Equal Remuneration Convention No. 100.
- Ensure that wherever the Company operates in the world, employees and their families enjoy adequate **protection in the event of fatality, disability, workplace accident or occupational illness**.
- Make the respect for fundamental social rights a decisive criterion when choosing suppliers and subcontractors.
- Promote the three priority areas of social responsibility:
  - support for educational projects;
  - helping young people to begin working in the automotive industry;
  - promoting road safety.
- Contribute to environmental protection and to sustainable mobility for everyone.

### PROMOTION AND RESPECT FOR FUNDAMENTAL LABOR RIGHTS

Groupe Renault is committed to complying with the principles set forth in the 1998 Declaration on Fundamental Principles and Rights at Work prepared by the International Labor Organization (ILO):

- effective abolition of child labor;
  - elimination of all forms of forced or compulsory labor;
  - elimination of discrimination in respect of employment and occupation;
  - freedom of association and the right to collective bargaining.
- These principles are embedded in the following ILO conventions:
- Minimum Age and Worst Forms of Child Labor Conventions Nos. 138 of 1973 and 182 of 1989;
  - Forced Labor Conventions No. 29 of 1930 and No. 105 of 1957;
  - Discrimination (Employment and Occupation) Convention No. 111 of 1958;
  - Equal Remuneration Convention No. 100 of 1951;
  - Freedom of Association and Protection of the Right to Organize Convention No. 87 of 1948;
  - Right to Organize and Collective Bargaining Convention No. 98 of 1949;
  - Workers' Representatives Convention No. 135 of 1971, in order to prevent any form of discrimination on the grounds of labor union involvement.

From July 26, 2001, Groupe Renault has also adhered to the universal principles of human rights set out in the United Nations Global Compact. In accordance with the Global Compact, Groupe Renault seeks, in particular, to combat all forms of corruption. Groupe Renault raises employee awareness of this issue via Groupe Renault Ethics Charter and different communication and/or training methods.

Groupe Renault is also committed to complying with the OECD Guidelines for Multinational Companies, adopted on June 27, 2000, and updated in May 2011, and with ILO Convention No. 158 of 1982.

## 2.4.4.2 Worldwide organization of social dialog

The composition of the 40 members of the Groupe Renault Works Council is a testimony to the geographical, social and professional diversity of Renault worldwide. It aims to promote the expression of this diversity, primarily by enabling the main Group entities or subsidiaries to be represented in an effective manner with respect to the relevant employees and within a globally balanced framework:

- European Economic Area: 31 members (Germany, Austria and Switzerland, Belgium, Netherlands and Luxembourg, Spain, France, Italy, Poland, Hungary, Slovakia and Czech Republic);
- Other countries: nine members (Argentina, Brazil, South Korea, India, Morocco, Russia and Turkey).

Groupe Renault ensures that employees are represented across all Group entities by elected employees from the representative entities or labor union members. It reaffirms its commitment to respect the right of freedom of association, in terms of the freedom to join and hold office in a labor union, in accordance with the principles laid down by International Labor Organization Freedom of Association and Protection of the Right to Organize Convention No. 87 of 1948.

Groupe Renault is also committed to respecting the terms of the International Labor Organization's Right to Organize and Collective Bargaining Convention No. 98.

The full Works Council members, or their substitutes, must be employees of Renault or of a subsidiary in which Renault owns, either directly or indirectly, more than one-half of the share capital. They must hold the position of employee representative in it, whether through election or by labor union membership.

The Group Works Council met in a number of different formats in 2017: Worldwide Works Council, European Works Council Restricted Committee, with information and consultation, in particular on the project to modify the Group whistle-blowing system, and Works Council Restricted Committee, with the attendance, as appropriate in light of the topics to be discussed, of other members. The Global Framework Agreement was also the subject of two Monitoring Committees and a follow-up meeting with all of the Worldwide Works Council members. This is one of the fundamental pillars of social dialog, on both global and local levels, and local committees to monitor this agreement continue to be set up in countries where the Group has operations.

### SOCIAL DIALOG AGENDA 2017

First half-year	Second half-year
2016 commercial results and Customer Satisfaction policy	Plenary session and meeting with the Chairman
2017 financial results	Mid-year financial and commercial results
Renault's expansion in Iran	Renault Nissan Mitsubishi Alliance
Development of the global automotive industry	Engineering challenges between now and 2020-2025
Presentation of new products and exhaust emissions	Renault Digital Acceleration, Innov Days and R- Generation
Employee survey, HSE policy, Cap 2020 agreement in France, whistleblowing	Learning session in India
Worldwide monitoring commission for the Global Framework Agreement and local committees	Monitoring meeting for the global framework agreement HSE results and outlook, CSR policy Improvement of the quality of life at work: inter-country exchange workshops, accounts from Sofasa (Colombia) and the Flins plant on "dialog for the quality of work".

In 2017, the Renault Works Council recorded 27 days of discussions. These comprised: three days of plenary sessions, five days of learning sessions, three days of follow-up to the Global Framework Agreement, seven days of internal meetings, and nine days of Group Works Council Restricted Committee meetings.

### Monitoring the global framework agreement

The signatories to this agreement included an **annual reporting tool** from the very beginning, consisting of 60 indicators, defined jointly with industry experts. These 60 indicators were also directly inspired by the guidelines of the **Global Reporting Initiative (GRI) and ISO 26000**.

This reporting tool is supplemented by annual *in situ* discussions with Group business-line experts and local suppliers, either during the annual Learning session, a study trip undertaken each year by the Works Council Restricted Committee, to gain a better appreciation of the socioeconomic and cultural aspects of a particular country where Renault operates and a better understanding of Renault's industrial, commercial and social challenges in that country, or during a visit to a site or establishment. Since 2012, five Learning sessions have taken the members of the Works Council Restricted Committee successively to Morocco, Brazil, Romania, Argentina and India.

The Global Framework Agreement thus constitutes a frame of reference for the application of Human Resources policy, in accordance with national legislations and local conditions for social dialog.

This agreement also stipulates the methods for dealing with difficulties encountered in the countries, ensuring in particular that a climate of trust is maintained and favoring the search for a solution through dialog, in the first place, on a local level, rather than any other actions. Additional discussions on this chapter were held between all signatories at the end of the year to set out the conditions for reciprocal information and action.

As far as employment in rapidly growing markets is concerned, Groupe Renault, through the profitability of its products and the competitiveness of its industrial and commercial operations, plays a role in economic and social progress by encouraging the development of employment and employability within the industrial and commercial context.

In the context of strong fluctuations in demand and of diverse automotive markets, Groupe Renault is seeking to find the best possible balance between the Company's interests and quality of life in the workplace for the employees in question, through consultations with employee representatives and labor unions. The relevant measures are implemented in accordance with national legislations and the local social dialog conditions.

It is in this context that the competitiveness agreements, signed in many countries, enable working time organization and employment measures to be combined, thus allowing new models to be used in industrial establishments.

### 2.4.4.3 Ongoing local social dialog

**The Group's momentum on employee-related issues is demonstrated by the renewal of a number of agreements in all countries, which also attests to the ongoing drive by the Group's Senior Management and social partners to negotiate agreements that satisfy the long-term interests of both the Company and its employees.**

In **Argentina**, five agreements were entered into with the SMATA (Sindicato de Mecánicos y Afines del Transporte Automotor de la Republica Argentina) to finalize the preparation of production (from 2018) of three pick-ups for Renault, Nissan and Daimler with a one-metric ton payload, and specifically:

- **The acta acuerdo of June 5, 2017** sets out new breakdowns of working time between the various teams, work categories for new hires, components of additional variable compensation and the option to split up annual leave.

Specific agreements have also been signed to set up weekend teams (**acuerdo of January 3 for the** stamping sector) and to adjust working hours for new hires (**acta acuerdo of June 5** for new hires and **acta acuerdo of July 26** for training on new vehicles).

- **The acta acuerdo of July 26, 2017** sets out the conditions for changes to employee compensation, with a view to achieving the shared objectives of Safety, Quality, Production and Imports as well as social harmony. This agreement was supplemented by the signing of the "actas acuerdos" of July 26 and October 1.

As part of the social dialog process, **the agreement of January 6** sets out the amount of the solidarity contribution for each SMATA-affiliated employee.

In **Brazil**, the **acordo coletivo de trabalho** entered into with Sind Trabs Inds Metal Mec Mat Elet Da Grande Curitiba on **May 4** sets out the conditions for changes to employee compensation (salaries and profit-sharing schemes) for 2017 and 2018.

In **Chile**, the **Contrato Colectivo de Trabajo** entered into on **December 1** with the Sindicato Cormecanica Renault – Chile for the period from December 1, 2017 to November 30, 2019 sets out the conditions for changes to compensation and local profit-sharing schemes for Cormecanica employees.

In **South Korea**, the agreement signed in 2017 enables Renault Samsung Motors to continue to maintain its competitiveness in an extremely competitive market, whilst developing the skills and quality of life of its employees.

In **France**, 2017 was characterized by an agreement entered into on January 13 and signed by the CFDT, CFE-CGC and FO, for 2017, 2018 and 2019, known as the "**Renault France - Cap 2020 – Contrat d'activité pour une performance durable de Renault en France**" (business contract for sustainable Renault performance in France). This agreement is a cornerstone of the new Renault strategic plan Drive the Future. It is based on three areas: Customer satisfaction, sustainable performance and motivation of the Company's people. The agreement incorporates business and performance commitments that include:

- ensure that French plants serve as a benchmark for the Group: 90 vehicles per employee per year;
- guarantee the business outlook until end-2019 and beyond:
  - an annual average vehicle production volume which is at least equivalent to 2016,
  - at least one new model or platform for each assembly plant from 2017 to 2020,
  - an average annual volume of 1.5 m engines or gearboxes and 1.5 m chassis;
- provide significant Research and Development investment: R&D + CAPEX >8% of Group revenues;
- French engineering at the core of the Group's cutting-edge technology worldwide;
- specific efforts to strengthen engineering resources in France with positive net employment.

These commitments are supported by an effective and motivating employment policy:

- 3,600 permanent hires, 6,000 contracts for young people, €220 million in training expenditure in France;
- measures regarding the organization of work time to better satisfy customer expectations and changing markets;
- developing an improved safety policy, renewing the working environment and developing a "dialog on quality of work" to improve quality of life at work.

The CAP2020 agreement also reiterates the key role of social dialog at both a central and local level in building sustainable performance.

During its first year of application, the agreement has already achieved positive outcomes: recruitment objectives have been surpassed with 2,600 permanent hires under the CAP 2020 scope, and nearly 1,150 people on work-study contracts taken on against the target of 1,000. Investment in training and working conditions was also higher than specified by CAP 2020 (training plan completion rate of 120%), and a Technocentre modernization program was launched.

**The accord reconnaissance** (recognition agreement) was signed by the CFDT, CGT, CFE-CGC and FO on December 12, to provide, amidst an automotive industry undergoing rapid transformation, better recognition of the reality of responsibilities taken on, smoother career paths and to leverage experience in occupations covering manufacturing and logistics operation and management roles, and internal training and career paths into management.



The agreement of June 7 entered into with the CFDT, CFE-CGC and FO on the **collective bargaining timetable for 2017 and 2018** meets French regulatory changes, and schedules the negotiations and consultations to be launched in relation thereto. Its primary outcome will be the signing of an agreement on December 15 also signed by the CFDT, CFE-CGC, CGT and FO **for people with disabilities**. This agreement will give new impetus to the disability policy by extending its scope to Renault's French subsidiaries (ACI Villeurbanne, FDB, MCA, Renault Sport Cars, Société des Automobiles Alpine, Sofrastock International, Sovab and STA).

Finally, the agreement of February 28, 2017 on **salary negotiations** and the Renault **profit-sharing agreement** for 2017-2018 and 2019, entered into with the CFDT, CFE-CGC and FO on March 10, provides a stronger link between employees and Company results, by linking individual recognition with a considerable increase in the 2017 budget, and collective recognition with a profit-sharing scheme based on the Group's financial results and local performance.

**In Morocco**, three memoranda of understanding were signed in respect of 2017 for each business sector with the "Confédération Démocratique de Travail" or "Union Marocaine du Travail" unions. They set out the conditions for salary changes and employee benefits for the SOMACA (Casablanca), Renault Commerce Maroc and Renault Tanger Exploitation sites.

**In Slovenia, the competitiveness agreement** entered into with Sindikat Revoz – SDR and SKEI Revoz for the 2017-2020 period provides for the hiring of 300 new permanent employees by 2020, as well as the creation of a "flexi-days" bank to respond to fluctuations in business activity, and the option to add extra teams in response to increases in volume. This agreement also incorporates the conditions for changes to compensation (salaries and bonuses).

**In Turkey**, the national process to renew the collective metalworking agreement has been open since the beginning of September at the Renault Oyak plant, against a backdrop of peaceful labor relations. The negotiation process should be completed in the early months of 2018.

An interesting initiative has also been launched by RRG **Germany** in its agreement of January 31, entered into with the Gesamtbetriebsrat, which actively involves employees in recommending and recruiting new hires in a particularly difficult employment market in this country.

91.13% of Groupe Renault employees were covered by a **collective agreement**.

## Summary of collective agreements

The 43 major collective agreements signed this year with social partners at country level, and in force in 2017, testify to its desire for sustainable and responsible social dialog, in line with Group strategy and its Human Resources policy. There were several major areas of focus:

- competitiveness agreements, being introduced or renewed;
- Company collective agreements;
- agreements promoting social dialog;
- salary policy and Group and local profit-sharing results agreements;
- agreements promoting diversity and quality of life at work;
- agreements promoting employee commitment
- social protection agreements.

No.	Countries	Description
<b>COMPETITIVENESS AGREEMENTS EFFECTIVE OR RENEWED</b>		
6	Argentina	<i>Acuerdo</i> of January 3, 2017
	Spain	<i>Acuerdo de competitividad y empleo</i> 2017-2020 by Renault Espana SA of April 5, 2016 <i>Convenio colectivo</i> by Renault Espana, SA 2017 of July 11, 2016 <i>Convenio colectivo interprovincial de la empresa</i> Renault Espana Comercial SA 2016-2019 of June 24, 2015
	Portugal	<i>Acordo de competitividade da empresa</i> Renault Cacia SA of September 30, 2016
	Slovenia	Competitiveness agreement for the 2017–2020 period of February 13, 2017
<b>COMPANY COLLECTIVE AGREEMENTS</b>		
4	France	Renault France - Cap 2020 - Contrat d'activité pour une performance durable de Renault en France 2017/2019 (business contract for sustainable Renault performance in France, 2017-2019) of January 13, 2017
	Morocco	Collective agreement by the SOMACA of July 1, 2016
	Romania	<i>Contract colectiv de Munca</i> dated March 24, 2017 – RTR <i>Contract colectiv de Munca</i> 2017 - Renault Dacia
<b>AGREEMENTS TO PROMOTE SOCIAL DIALOG</b>		
2	Argentina	Agreement of January 6, 2017 which sets out the amount of the solidarity contribution made by each SMATA-affiliated employee
	France	Agreement on the collective bargaining timetable for 2017 and 2018, dated June 7, 2017
<b>AGREEMENTS ON SALARY POLICY AND ON GROUP AND LOCAL PROFIT-SHARING SCHEMES</b>		
23	Argentina	<i>Acta acuerdo</i> of June 5, 2017 on compensation, the breakdown of working time and the breakdown of annual vacation <i>Acta acuerdo</i> of July 26, 2017 on terms and conditions for changes to employee compensation <i>Actas acuerdo</i> of July 26, 2017 <i>Actas acuerdo</i> of October 1, 2017
	Brazil	<i>Accordo coletivo de trabalho</i> 2017/2018
	Chile	<i>Contracto colectivo 1 &amp; 3</i> , 2017/2019 of December 1, 2017
	France	<i>Accord Renault s.a.s relatif à la négociation salariale</i> (Renault s.a.s. agreement on salary negotiation) of February 28, 2017 Agreement of March 13, 2017 on 2017 salary negotiation – Alpine MCA 2017 salary agreement of February 20, 2017 STA 2017 salary agreement of February 16, 2017 Renault profit-sharing agreement for 2017, 2018 and 2019 dated March 10, 2017 Agreement on performance-related employee profit-sharing for ACI Villeurbanne of March 28, 2017 Alpine agreement on Company performance-related employee profit-sharing for 2017-2018-2019 dated June 29, 2017 Fonderie de Bretagne Agreement on Company performance-related employee profit-sharing for 2017-2018-2019 dated March 20, 2017 MCA agreement on manufacturing performance-related profit-sharing dated March 27, 2017
	Morocco	Agreement on performance-related profit-sharing for Sofrastock International 2017-2019, dated June 19, 2017 SOVAB agreement on Company performance-related profit-sharing for 2017, 2018 and 2019 dated March 31, 2017 STA agreement on Company performance-related profit-sharing for 2017, 2018 and 2019 dated March 17, 2017 Sodicam2 agreement on profit-sharing based on Groupe Renault's financial results dated June 22, 2017 Sodicam2 agreement on Company performance-related profit-sharing dated June 22, 2017 Renault SOMACA memorandum of understanding for 2017 Tangiers memorandum of understanding for 2017 dated March 17, 2017 Renault Commerce Maroc memorandum of understanding for 2017 dated March 1, 2017
<b>PROMOTING DIVERSITY AND QUALITY OF LIFE AT WORK</b>		
4	France	Renault agreement dated December 15, 2017 for people with disabilities MCA agreement on gender equality and diversity within the Company dated December 19, 2017 RRG rider to renew the agreement on quality of life at work within the UES dated June 16, 2017 RRG agreement on a humanitarian and social assistance fund financed by profit-sharing and matching Company contributions as part of the UES dated June 16, 2017
<b>AGREEMENTS PROMOTING EMPLOYEE COMMITMENT</b>		
3	Germany	<i>Gesamtbetriebsvereinbarung</i> of January 31, 2017
	France	STA agreement on the promotion of initiative and creativity 2017 Recognition agreement of December 12, 2017
<b>SOCIAL PROTECTION AGREEMENTS</b>		
1	France	2018-2019-2020 agreement on the UES mandatory collective employee healthcare cost reimbursement scheme dated October 26, 2017

#### 2.4.4.4 Responsive internal communications

Dialog within the Group is at the same time nurtured by responsive and varied internal communication. Renault ensures that its employees are always kept up to date on what is happening in the Company, through a network of communication teams working within the business-lines and countries.

**Global** is Groupe Renault's in-house magazine. It has a circulation of more than 100,000 copies and is distributed to all employees worldwide. In January 2018, the new-look magazine began focusing on employees' experiences, communicating the Group's news through their stories. "Regional" pages were also added, featuring more local information. Several countries are also adapting the magazine.

The preferred medium for employees with a work computer, **Declic is the Group's intranet site**. Completely redesigned in December 2017, the new, more modern and user-friendly version will be rolled out globally from January 2018. The new intranet site gives employees access to more tailored information: in addition to Group communications, their news feed contains information from their region, country, site and business-line. Articles published on Declic can be commented on and sometimes shared on social media.

Strategic Company events (commercial and financial results, partnership announcements, press conferences to unveil a new model, etc.) can also be streamed by video on Declic. To strengthen the link between employees and the Group's management team, Q&A sessions (open discussions) are held several times a year. In addition, the Chairman and Chief Executive Officer and the Group Management Committee hold regular e-conferences to brief managers on current strategic projects.

Information packs are also sent out to managers each month so that they can share the Group's performance and news with their teams.

In 2017, the **Yammer** digital communication tool was rolled out to all Groupe Renault employees. In May 2017, the HR function decided to launch a group for the entire HR community to promote proactive and quick discussions on best practices and HR updates.

Lastly, in addition to internal news media, programs of activities and events are put together featuring vehicle displays and test drives designed to develop employees' knowledge of subjects related to the Company's strategy and vehicles.

2

## 2.5 HANDING ON KNOWLEDGE FOR THE FUTURE

Education is still a top priority within Groupe Renault's CSR strategy.

Groupe Renault recognizes that providing training on the careers of the future and giving the neediest access to knowledge are key to the development of society and also of the Company. Renault therefore continues to deepen its commitments in this area.

### 2.5.1 Relations with schools/universities worldwide

How do we create a permanent link between the Company and academic institutions, knowing that education is critical to value creation and to the development of the next generation of future employees? Over the years, Groupe Renault has sought to address this question by taking action in partnership with schools, high-level colleges and universities throughout the world.

#### 2.5.1.1 The Renault Foundation

##### Project to develop the Renault Foundation

2017 was the year of preparation of the new Foundation project, based on the new CSR strategy (2.1.1). This project led to a change in the by-laws of the current Renault Foundation, notably including a change of purpose:

"a Foundation for inclusion and sustainable mobility". This project was validated overall on November 27, 2017 in an extraordinary meeting of the Board of Directors and will be effective on January 1, 2018. The Foundation will cover not only the historical activity in line with higher education, but all corporate sponsorship activities of Renault s.a.s.

This year, the Foundation continued its action in higher education operating on the principle of equality of opportunities, entirely devoted to higher education. It is designed to create a permanent link between academic institutions (in France and the rest of the world) and the Company. The Foundation's role, in collaboration with its academic partners and Company management, is to anticipate new professional skills requirements.

It carries out three types of activity:

- the financing and joint creation of academic programs in partnership with prestigious universities in France (Paris Dauphine University, École des Ponts ParisTech, Arts et Métiers ParisTech, etc.) and worldwide (Saint Joseph University in Lebanon);
- the allocation of “foundation scholarships” (study and accommodation costs) to French and foreign students selected in partnership with the Foundation’s partner universities located in 12 countries worldwide;
- the financial support provided to other foundations dedicated to supporting deserving young French students from underprivileged backgrounds (Georges Besse Foundation) or to sharing knowledge and innovation (Fonds de dotation Universcience).

On the academic side, the Foundation continued to support five educational programs in 2017:

- a professional degree in Electric Vehicles and New Mobility (LPVNM);
- three master’s degrees: Transportation and sustainable development (TRADD), Mobility and Electric Vehicles (MVE), and Road Safety Management;
- an MBA in International Management.
- In 2017, the Foundation set up a digital teaching program (MOOC-Massive Online Open Course) on “mobility and electric vehicles”, in collaboration with the historical partner of the Foundation, the Ecole Nationale des Ponts et Chaussées Paristech. This MOOC covers issues related to electric mobility illustrated by examples on electric vehicles; 30 experts, including Renault experts, are involved in it. It is available on the Coursera platform.

This MOOC has been included in the educational curriculum of two of the Foundation’s programs: MVE and LPVNM.

These programs, created in conjunction with university partners, place particular focus on three areas at the heart of the Company’s concerns: multicultural management, sustainable mobility and road safety.

The Foundation identifies young talents, and then offers them training programs and support. For example, it organizes and finances in full a year of study in France (and in Lebanon for one of its programs) for its scholarship students: monthly grants, enrollment in the French schools and universities, social security, round-trip travel between the home country and France or Lebanon, economic and cultural discovery trips.

In 2017, it welcomed 70 new students. In accordance with its articles of incorporation, Renault Foundation is not an incubator of young talent for Renault. It operates independently of the Company’s recruitment policy. As it deals with corporate sponsorship, its role is to train young people in future functions in liaison with the Company’s functional expertise. However, Renault does offer work placement/apprenticeship opportunities for those young people who want to undertake this part of their training at the Company.

### 2.5.1.2 Within Groupe Renault

Groupe Renault subsidiaries are also involved in higher education in their respective countries. For example:

- in Romania in 2017, the AEP (Automotive Engineering Project) master’s program had 12 students over two semesters and eight students in their final year of Masters. Four Romanian universities (Bucharest, Pitesti, Iasi and Craiova) thus benefited from assistance provided by Renault Romania (dedicated business tutors, bursaries, etc.). Numerous work experience placements were also offered to more than 216 students from over 15 Romanian universities;
- the Renault Foundation Colombia continues to provide support to underprivileged engineering students through its “Renault German Camilo Calle” program. In 2017, it supported 24 students.

### 2.5.1.3 Investing to bring schools into the corporate world

Groupe Renault works to develop ties between the corporate and academic worlds because it believes this is the only way to improve the performance of economic and social models. To do so, the Group carries out numerous actions and initiatives in France and around the world:

- **support from academic world.** The sharing of knowledge is part of the Group’s DNA. The Company makes appropriate expertise available, giving the employees involved a sense of satisfaction.

Many employees spend some of their work time teaching classes at different schools/universities. These activities are organized either through official partnerships such as the Renault Foundation’s academic programs, or at schools and universities in countries where Renault operates;

- **donations of equipment.** Groupe Renault, well aware that knowledge is acquired by the practical application of academic knowledge, has made numerous gifts of vehicles and tools to schools.

In France, many plants donate scrap vehicles or parts for educational purposes to high school students in their area. As an example, the Maubeuge plant (MCA) has donated over €8,000 worth of scrap vehicles or parts.

In Spain, 15 training centers benefited from the donation of two engines, one TWIZY and around 880 computers.

In Chile, 320 gearboxes were donated and enabled around 60 students at an industrial school to supplement their training.

- **welcoming students into the Company and leading them toward the professions of tomorrow.** Whether within the context of apprenticeships, internships, or even during business orientation programs, Groupe Renault places great importance on bridging the gap between young people and the professional world on every continent.

Class trips organized to the Group’s sites are very common practice within the Group. They aim to strengthen the relationship between the Group and the communities within which it operates;

### FOCUS ON APPRENTICESHIPS

In France, for example, the Renault Foundation prepares young people for tomorrow's careers through its professional degree program in electric vehicles and Electromobility. Since 2012, the Company has offered over 80 apprenticeships in this new field to the students enrolled in the initial six classes of this professional degree program. Many have pursued a second year of apprenticeship within the Company on the Master Pro training program.

- **bringing teachers into the Company.** For the Company, training teachers, strengthening their leadership to give them ways to transform their institutions, and inspiring and achieving change among young people is a challenge as big as educating students.

In Colombia in 2016, the Foundation joined the *Empresarios por la Educacion Foundation* to train 26 people, including 13 school principals and three coordinators. The diploma award ceremony took place in December 2017. A second training course is planned for 2018.

## 2.5.2 Supporting access to education throughout the world

Renault is aware of the importance of education in creating value within a company, a region and in society overall, and this is why the company has placed, at the heart of its CSR policy, corporate sponsorship actions enabling social inclusion through access to education and the fight against student drop-out.

### 2.5.2.1 Schooling and inclusion

Inclusion is at the core of Groupe Renault's CSR values and access to education is a natural fit. Renault's commitment to the most impoverished is evident in several of its actions in this area.

In Morocco, Renault contributes to the improvement of school conditions in the province of Fahs Anjra. It encourages the schooling of children, especially girls, and fights against the phenomenon of dropping out of school in rural areas, through the supplying of school buses, and initiatives such as educational workshops or mobile libraries. Accordingly, some 1,400 pupils every day benefited from the school transport service in 2017.

The Moroccan subsidiary is also very involved in the prevention of road accidents. With the "Tkayes school" and "Tkayes Village" programs, more than 9,000 children and their families were given educational road safety kits in 2017.

In Brazil, the Renault Institute supported an NGO dedicated to education and culture for children and teenagers. The Foundation lent a Renault MASTER to enable 180 children to travel to cultural activities.

## 2.5.3 Training through research to encourage innovation

Through the support it provides for academic research, Groupe Renault has set itself the challenges of bringing researchers and professionals together to exchange ideas with a view to developing the technological solutions and services of the future, and understanding tomorrow's consumer purchasing decisions.

### Supporting academic institutions

Renault, through its Foundation, dedicates a percentage of its budget for financial support of academic research.

Since 2014, the Renault Foundation supported research on marketing, allocating €50,000 to Paris Dauphine University to conduct fundamental marketing research.

Renault also provides support for academic institutions through its involvement with academic Chairs. Renault experts are currently involved in supporting 15 academic Chairs in subjects of high innovative value:

Theme	Academic partner	Partners	Date
Connected cars and cyber security	Fondation Mines Télécom, Télécom ParisTech	Thalès, Valeo, Wavestone, Nokia	2017
Inter-cultural management	ESCP		2017
Operational excellence and managerial innovation	ESSEC	Orange, Bristol Myers Squibb (BMS), Sanofi, Humanis	2017
Social dialog and Company competitiveness	ESCP	Solvay, Airbus, Sodexo	2016
Urban logistics	École des Mines	La Poste, ADEME, Mairie de Paris, Groupe Pomona	2016
Robustness, reliability, and energy performance of electric propulsion in cars using advanced control and observation techniques	Institut de Recherche en Communications et Cybernétique (IRCCYN), École Centrale Nantes		2016
Design of use-oriented urban systems (Anthropolis)	Institut de Recherche Technologique SystemX, Centrale Supélec	SNCF, RATP, GDF Suez, ALSTOM	2015
In-car lighting systems	Institut Supérieur d'Optique, École Supérieure des Techniques Aéronautiques et de Construction Automobile (ESTACA), Strate École de Design	PSA, Valeo automotive lighting	2014
Uses of vehicles between services rendered and ownership in Japan, Korea, and Europe	Fondation France-Japan de l'École des Hautes Études en Sciences Sociales	-	2014
Mobility and quality of life in urban environments	Université Pierre et Marie Curie	PSA Peugeot Citroën	2013
Theory and methods of innovative design	Mines ParisTech	Dassault Systèmes, RATP, Thales, Vallourec	Renewed in 2013
Smart Mobility	Université Pierre et Marie Curie	Atos Origin	2012
Enterprise & Poverty	HEC ParisTech	Danone/Schneider Electric	Renewed in 2015
Modeling system for the inspection and the development of internal combustion engines	École Centrale Nantes	LMS Engineering Innovation	2013
Automotive distribution and service	L'École Supérieure des Sciences Commerciales d'Angers (ESSCA)	Nissan France – UCAR	1991

## 2.6 ENVIRONMENT

### 2.6.1 The ecological challenges

The unprecedented growth in human activities since the industrial revolution has been accompanied by an exponential growth in the demand for fossil resources, minerals and water, along with associated environmental impacts.

Environmental issues are now better understood and shared with stakeholders, and there is a consensus on the urgent need to address these issues.

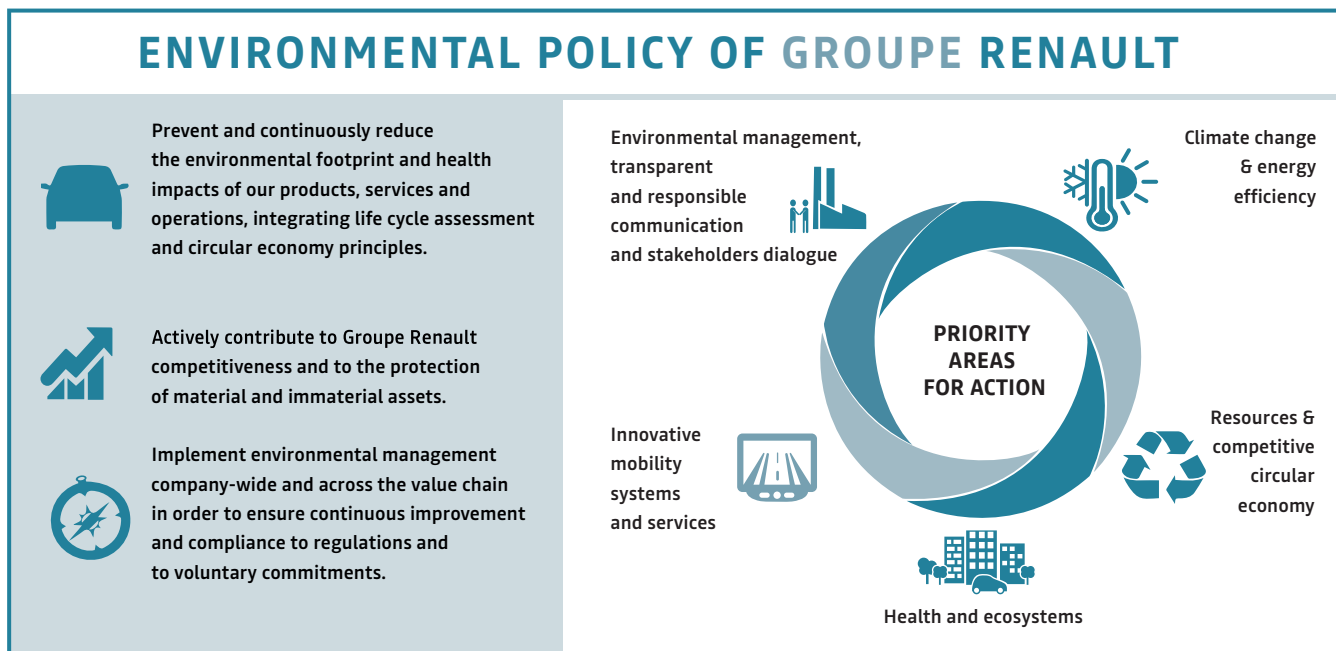
Despite efforts to reduce fuel consumption and vehicle emissions, due to its development in emerging countries, road transportation still contributes significantly to greenhouse gas emissions and to urban atmospheric pollution. Moreover, the large-scale production of vehicles requires considerable quantities of raw materials, whose price fluctuations have major economic repercussions for manufacturers.

In its strategy, structure and dialog with stakeholders, Groupe Renault has incorporated these issues as challenges to be overcome. The Group is committed to reducing the environmental impact of its products throughout their life-cycle, and from one generation to the next (see 2.6.2),

and in its strategic plan Drive the Future 2017-2022, aims to reduce its carbon footprint by 25% in 2022 compared to 2010.

As an innovative groundbreaker in electric mobility and the circular economy, Groupe Renault has confirmed the environmental roll-out of its new strategic plan at the beginning of 2018. By the end of 2022 it aims to increase its competitive edge by leading in three transformational drivers of individual mobility: electric vehicles and vehicle-to-grid services, the expansion of business models related to the circular economy, and finally new mobility services based on autonomous vehicles (with or without driver).

This voluntary and proactive effort is not just the result of Renault's historical commitment to sustainable development to benefit the greatest number of people. Environmental performance has increasing financial implications and is a determining factor in the Company's competitiveness, as demonstrated by the second pillar of Groupe Renault's Environmental Policy approved by its Chairman and Chief Executive Officer Mr. Carlos Ghosn in 2013.



## 2.6.2 Company-wide environmental management

Environmental objectives 2017		Objective set	Deadline	Status as of year-end 2017
Product	Reduce the impact on the basis of the life-cycle analysis from generation to generation	2005	Ongoing	MEGANE IV vs. MEGANE III: 5%-30% reduction depending on impacts.
Product	Publish, on the website <a href="http://www.groupe.renault.com">www.groupe.renault.com</a> , the Life-Cycle Assessment for each new model marketed in Europe, with their critical reviews by an independent expert	2016	Ongoing	LCA of TWINGO III, MEGANE IV, SCENIC IV, KADJAR, TALISMAN, ESPACE V and FLUENCE Z.E. published.
Manufacturing	Conduct internal environmental and risk prevention audits annually at all manufacturing sites and the main Groupe Renault <sup>(1)</sup> tertiary and logistics sites	2003	Ongoing	100%
Manufacturing	ISO 14001 certification of all Groupe Renault <sup>(1)</sup> manufacturing sites	2012	Ongoing	100%

(1) Sites in the scope of consolidation, excluding AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is currently in development.

Renault has made environmental management part of its environmental policy since 1995. This approach is implemented Company-wide and throughout the life-cycle of its vehicles. These efforts are made possible by the presence of an environmental network at all Group plants and operations throughout the world. The 2013 update of the Groupe Renault environmental policy has reaffirmed and expanded the scope of this managerial approach to the entirety of the Company's value chain.

The roll-out of the environmental component of the new Drive the Future 2017-2022 plan by the Environmental Strategy and Planning department (DPE) covers all of Groupe Renault's activities and supports its development strategy for new products and services, including electric, connected and autonomous vehicles and vehicle-to-grid services.

### 2.6.2.1 Life-cycle assessment (LCA)

Since 2005, Renault has been committed to reducing the environmental impact of its vehicles throughout their life-cycle, from one generation to the next. In order to ensure and monitor compliance with this commitment, since 2004, Renault measures the environmental impact of its vehicles throughout their life-cycle, from the extraction of the raw materials needed

for manufacturing until their end-of-life. Life-Cycle Assessments (LCA) are therefore performed:

- prior to the vehicle design process, to analyze the potential environmental impact and benefits of technological innovations;
- after the design process, to confirm and measure the reduction of environmental impacts from one generation of vehicle to another.

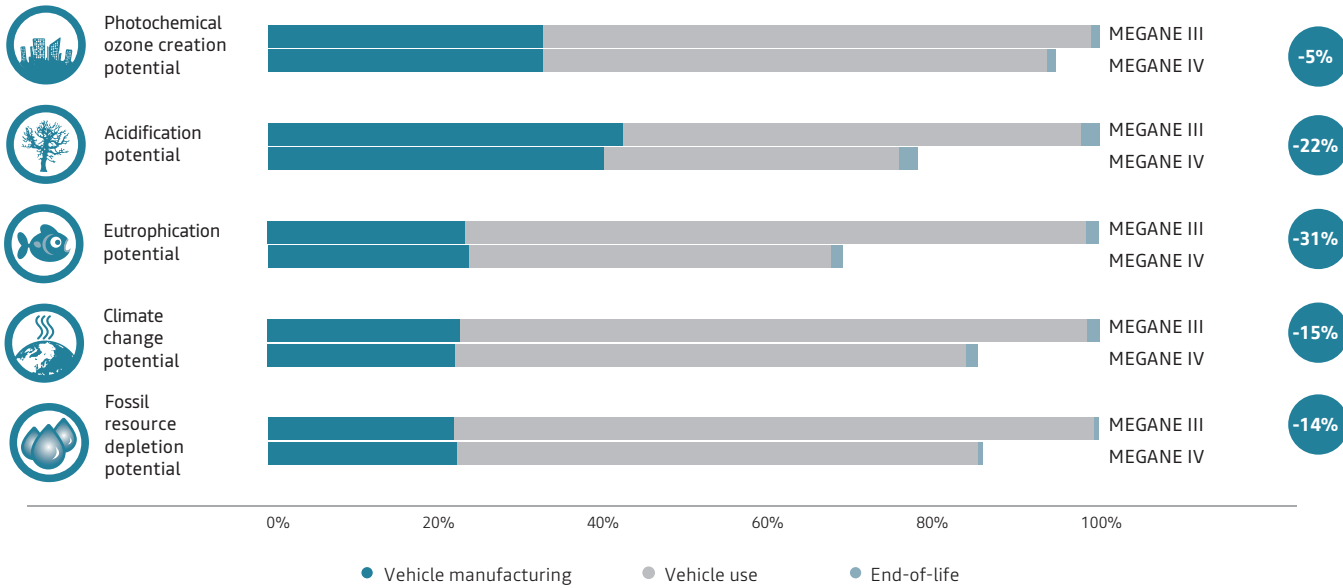
At end-2017, 21 models representing 69% of the Group's global passenger car sales (under the Renault, Dacia and RSM brands) were thus subjected to a complete LCA. Starting with the launch of the TWINGO III in September 2014, all new models are subjected to a comparative LCA with respect to their predecessor. Each of these LCAs is subjected to a critical review by an independent expert following the ISO 14040 and 14044 standards, to evaluate, firstly, the methodology used and, secondly, all of the calculations and interpretations performed. The LCA reports on new models, and their critical reviews, are put online on the web-site [www.groupe.renault.com](http://www.groupe.renault.com) (page commitments/environment).

For further methodological details, please refer to section 2.9.3.1.

The comparative LCA for the MEGANE IV (2016) compared to the MEGANE III (2008) presented below shows the reduction in the environmental impact between the two generations of this model.



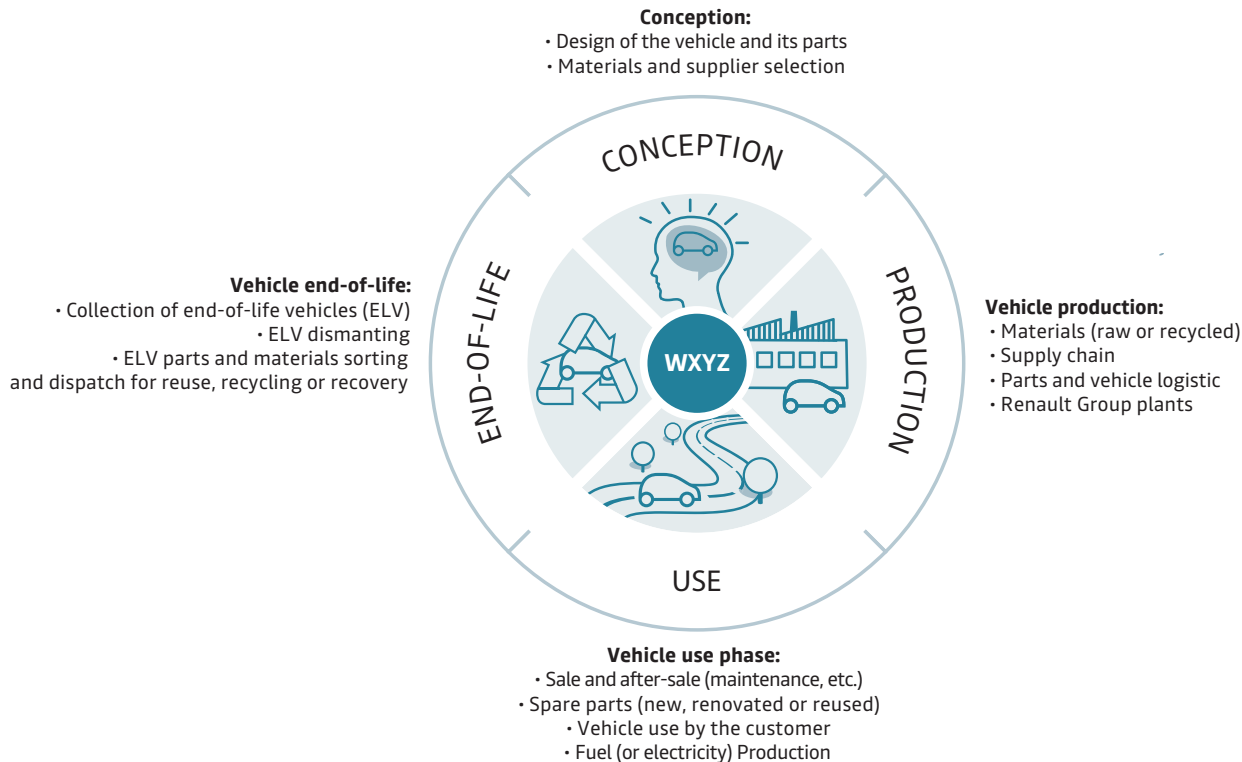
● COMPARATIVE LCA FOR THE MEGANE IV (2016) AND THE MEGANE III (2008)



2.6.2.2 Action at all stages of the life-cycle

This section presents the Environmental Management System (EMS) implemented by Groupe Renault according to the different stages in a vehicle's life-cycle, from design to end of life recycling. In order to make them easier to understand and to read, these stages have been divided into four main phases: design, manufacture, use and end of life. Symbols

such as the one below will be used in this section and up to 2.6.3.7 in order to allow the reader to identify visually which of the four life-cycle phases the text is referring to. The topic or impact discussed is indicated in the center of each symbol: EMS, CO<sub>2</sub>, Materials, Waste, Water, Air, Soil, Noise or Biodiversity, or financial challenges associated with environmental issues represented with the € symbol.



## Eco-design



In order to effectively reduce environmental impact throughout the different stages of the life-cycle, steps must be taken from the vehicle design stage, *i.e.*, two to five years prior to launch. Renault's policy is to integrate this concern not only within the normal development process which structures the designers' work, but also to involve component and materials suppliers.

Eco-design of Groupe Renault's vehicles involves in particular:

- the reduction of vehicle mass, fuel consumption and pollutant emissions;
- the possibility of recycling 85% of the vehicle's mass at end-of-life and to recover 95% of this, which requires the ability to easily identify and separate the recyclable materials and reusable parts during the dismantling process;
- the use of recycled materials, which minimizes the consumption of virgin materials and the associated environmental impacts;
- the possibility of renovating powertrains or certain parts of them (remufacturing) by facilitating dismantling and assessment of their components;
- the minimization of the noise generated by the vehicle;
- the elimination of potentially toxic substances from vehicles and the manufacturing process;
- the provision of eco-driving aids in the vehicles.

Considering that 60% of a vehicle is made from purchased parts, eco-design relies largely on our suppliers' involvement and cooperation, managed by the Renault-Nissan Purchasing Organization (see 2.3.2).

## Logistics



Environmental management in matters of logistics has been in place since 2010 and involves the measurement and reduction of greenhouse gas emissions associated with the transportation of parts intended for our industrial facilities and finished vehicles from our factories to their distribution outlets, through the Logistics ECO2 plan (see 2.6.3.1).

In addition, logistics loops for reusable packaging have been introduced when their economic and environmental impact is positive, to lessen our reliance on single-use packaging and the waste it creates.

Groupe Renault is also running pilot schemes that use recycled materials to create packaging used to transport parts. For example, in 2017, the Group trialled and approved the use of recycled PET in place of new PET in logistics flows between the plants in Chennai (India) and Flins (France). This system was introduced for mass production in January 2018.

## Manufacturing



Groupe Renault has selected a seamless approach. The environmental network is Company-wide. It establishes links between environmental activities and other processes in the Company as well as between the sites, so as to encourage the dissemination of best practices and the sharing of expertise.

The industrial environment network encompasses all Groupe Renault industrial sites as well as the manufacturing functions. It consists of more than 230 members in 15 countries and 44 sites and subsidiaries.

Environmental management at Renault plants is underpinned by five pillars:

### Continuous improvement based on ISO 14001

Starting in 1995, Renault began systematically implementing an environmental management approach at its sites, along with a drive for continuous improvement, based on ISO 14001. This was done to reduce environmental impact and ensure regulatory compliance. Since 2008, all of Groupe Renault's 30 industrial sites and the 9 main engineering and logistics facilities have been ISO 14001 certified.

The new ISO 14001: 2015 standard, published on September 15, 2015 after more than three years of work by the International Standardization Organization (ISO), and which introduces more stringent requirements than the previous version, ISO 14001: 2004, is in the process of roll-out at all the Groupe Renault ISO 14001 certified sites.

### Group-wide tools and standards

E&HSE (Energy & Health, Safety, Environment) Technical Guidelines define the minimum requirements that apply to the Group's sites (See "Eco-design of industrial processes" below). These guidelines ensure that practices are standardized and reflect and adhere to the Company's policies and objectives in terms of the protection of individuals, property and the environment, no matter in which country the sites are located. This is particularly important in countries without a stringent regulatory framework.

For environmental management and the handling of chemical products, the sites can also rely on the availability of standardized tools managed by expert functions. These tools include:

- a worldwide Ecorisques expert system available in French, English, Spanish, Portuguese and Korean. The system ranks the environmental impact from activities and potential hazards in relation to the plants' chemical risk and prioritizes them in the plants' environmental action plans;
- a reporting system for environmental impacts and energy consumption (R2E);
- a CHEMIS database (Chemical Information System), available in the main languages used within the Group, for the management of hazardous substances and the prevention of chemical risks. CHEMIS is the key tool in Groupe Renault chemical risk management process, which aims, from both environmental and health standpoints, to introduce chemicals

safely, to prevent the risks associated with their use, and to anticipate technological and regulatory changes (see 2.7.2);

- a process to monitor and track compliance with national and EU environmental legislation;
- a documentary database of Energy & Health, Safety, Environment (E&HSE) standards and best practices, accessible from any Group site.

### Eco-design of industrial processes

Each industrial project is monitored by an Energy & Health, Safety, Environment project manager, who ensures that the applicable regulatory requirements and Group technical policies (or E&HSE Technical Rules) in respect of environmental protection, energy efficiency, industrial hygiene,

and the prevention of fire and explosion risks are taken into account for each project milestone.

These E&HSE Technical Rules are based on the state of the art as well as the most stringent international regulatory or normative frameworks (The European Union's REACH regulation, ATEX directive, French legislation on facilities classified for environmental protection, US NFPA standards for fire protection, etc.) and are updated regularly. To complement this shared base of minimum requirements applicable to all Group sites, breakthrough technologies may be introduced at certain sites or projects according to constraints or opportunities related to the local environment, as illustrated by the examples below.

## PLANTS ECO-DESIGNED TO RESPECT THEIR ENVIRONMENT

As a result of the Group's international expansion, new plants have been developed in recent years in emerging countries, particularly in North Africa and Asia, in order to take advantage of dynamic local markets. The design of each of these facilities has benefited from Group best practices and the latest technological advances in the environmental field. It takes into account the specific local environmental constraints and sensitivities, identified by an impact study at the outset of the project.

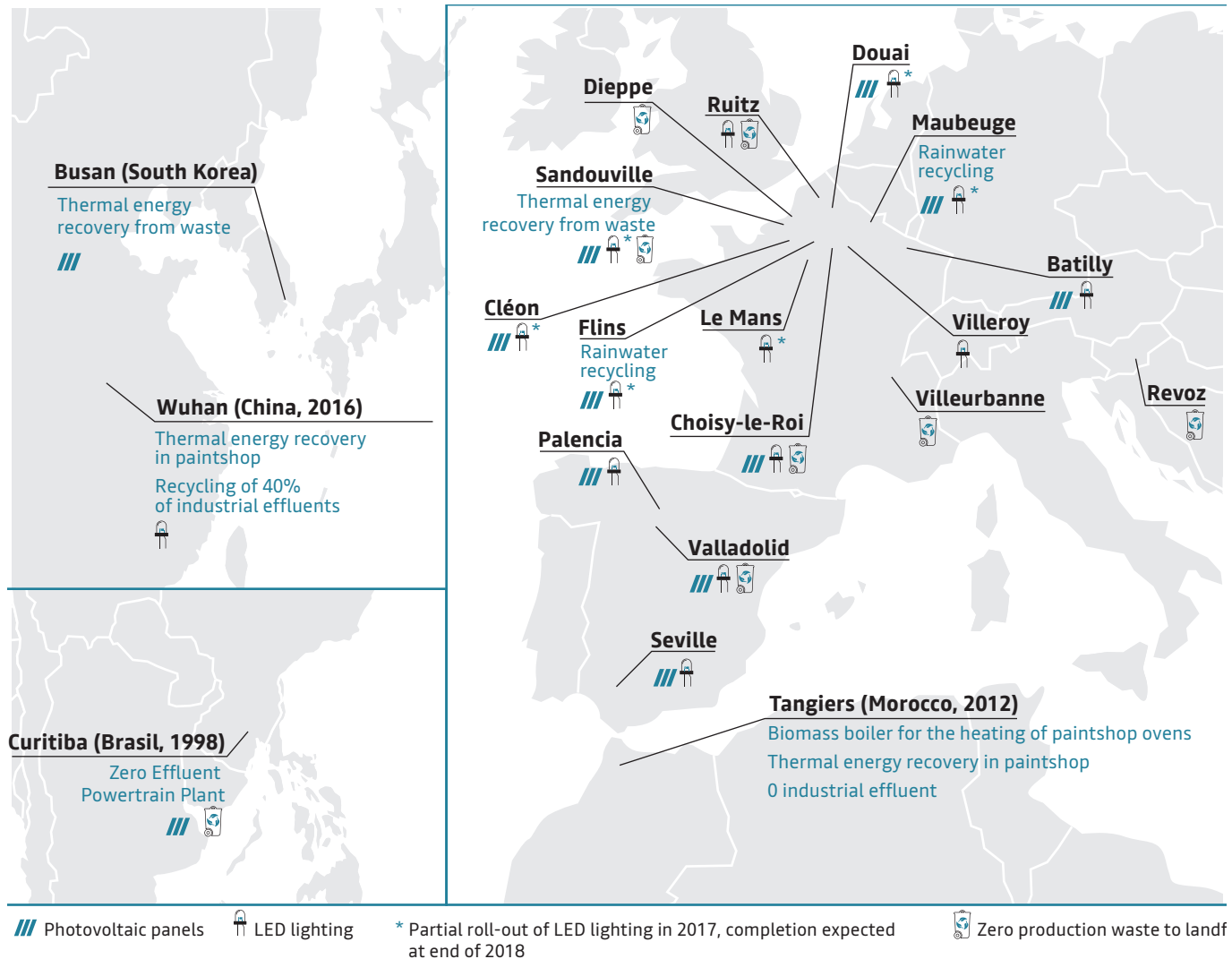
For example, the plants of Tangiers in Morocco (2012) and Chennai in India (Renault-Nissan, 2010), two countries subject to water stress, use the most advanced technologies to recycle all industrial wastewater, such that no industrial wastewater is discharged into the environment and external water supply requirements are reduced to a strict minimum (see 2.6.3.3). The Tangiers site is also equipped with a biomass boiler fueled by local agricultural waste (waste from the production of olive oil and from wood chippings, in particular from the site's packaging waste). As the National Office of Electricity and Drinking Water (ONEE) provides the plant with electricity produced from entirely renewable sources, 91% of the plant's energy needs are as a result met by renewable sources, meaning that the emission of more than 100,000 metric tons of CO<sub>2</sub> each year is avoided.

The plant, which Renault and its partner Dongfeng opened in February 2016 in Wuhan, China, is also equipped with the latest energy-efficiency technology, including LED lighting, recovery of thermal energy from the air discharged to the atmosphere and centralized management of energy-intensive equipment. It also recycles 40% of its industrial effluents for its own internal use (rest rooms, watering, etc.) and uses water-soluble paints.

In addition to new plants, applying eco-design to manufacturing processes can also benefit existing facilities. Since 2015, Groupe Renault has therefore been conducting the widespread deployment of LED lighting to replace industrial lighting on a number of its sites (see map below).

LED lighting reduces electricity use by approximately 65% compared with the technology it is replacing. For the scope as a whole, including the current project, which is due to finish in 2018, this equates to electricity savings of more than 78,000 MWh for each full year.

#### ● NOTABLE ACHIEVEMENTS IN THE ENVIRONMENTAL FIELD ON GROUP SITES



### Anticipating industrial, regulatory and environmental developments

The E&HSE (Energy & Health, Safety, Environment) master plans launched in 2002 describe the situation at each site and how it is likely to evolve over the next ten years, factoring in external constraints such as the ecological sensitivity of the environment and future regulatory requirements. They contribute to the dialog between industrial strategy, engineering, building project owners and the plants to ensure that each project contributes to reducing the environmental impact of sites.

### Site audits

Since the end of the 1990s, the Group has used internal environmental audits at all of its industrial facilities as well as its main engineering and logistics facilities worldwide in order to monitor the implementation of ISO 14001 requirements, and compliance with its own internal standards for the protection of the environment, individuals, and facilities. These complement the external audits performed annually by a certified independent body.

Internal audits are therefore conducted by members of the industrial environmental network (environmental managers and business specialists), using joint audits that encourage exchanges of best

practice between plants and stimulate improvement in environmental performance. As of end-2017, the network had approximately 52 internal environmental auditors who were specifically trained and qualified in accordance with ISO 14001 and on the internal audit standards based on the Energy and Health, Safety, Environment Technical Rules (see "Eco-design of industrial processes" above).

### ● SALES AND AFTER-SALES



Renault Retail Group, the distributor of the Renault, Dacia, Alpine and Nissan brands in 13 European countries, set up an environmental management policy in 2007. An RRG environment manager is responsible for training and coordinating a network of environment correspondents in France and Europe. He provides a set of environmental management best practices, which are available on the RRG intranet. RRG has also

provided reporting in France since 2011 and in Europe since 2013, regarding the environmental impact of its establishments. A summary of this reporting is provided below.

**RENAULT RETAIL GROUP – ENVIRONMENTAL IMPACTS**

	France	Europe excluding France	Principal management and impact reduction measures
Number of sites <sup>(4)</sup>	48	38	
Reporting coverage rate	100%	100%	All establishments report in accordance with the protocol. Levante Villarreal (opened April 2015) entered the scope in 2017 and Cornella (opened February 2016) will enter the scope in 2018.
Waste (metric tons)	10,340	4,018 <sup>(2)</sup>	4 approved service providers in France were introduced in the establishments from the second half of 2016. Raising awareness of companions to sorting practices.
• o/w hazardous	2,817	1,406	
• o/w non-hazardous	7,523	2,612 <sup>(2)</sup>	
Energy Consumption (MWh LHV)	111,721	56,318 <sup>(3)</sup>	RRG works with Alertéo for better energy consumption management (4 sites monitored).
Greenhouse gas emissions (t eq. CO <sub>2</sub> )	16,616	16,121	Energy consumption management plan
• o/w from combustion	14,557	5,895	
• o/w from electricity consumption	1,956	10,226	
• o/w from gas coolants	103	Unavailable	
VOC emissions (metric tons)	63,123	Unavailable	The reliability of the calculation method has been improved
Water consumption (m <sup>3</sup> )	132,337	180,961	Leaks control based on water bills
Soil and water tables			Extraction or neutralization of buried single-wall tanks Preventive Equipment (spillage retention trays, double-wall tanks or above-ground tanks)

(1) One site has one or more dealerships and vehicle maintenance facilities.

(2) The figures include site-specific estimates based on activity for localized sites in Poland and Ireland.

(3) The figure includes an over-estimate of gas consumption on certain UK-based sites (representing around 10% of the total consumed in this country) due to the average calorific value used.

(4) Rules for entering and leaving the reporting scope: newly acquired sites enter the reporting scope from the second full year spent under the operational control of RRG. Sites leaving the RRG operational scope are included in the reporting until their transfer date, if this is after June 30.

Renault also provides support in these efforts to its dealer network and franchises. In France, the Sales & Marketing department (DCF) provides information and coordinates exchange of best practice through annual Environment Club meetings in each regional center. RRG environment managers participate in and contribute to these clubs.

The Sales & Marketing department assists the network by providing a selected panel of national service providers for waste collection and treatment. Renault also finances its sales network's access to Autoeco.com, allowing sites to track the amount of waste they produce. Renault is also a partner of the CNPA (National Council of Motor Industry Professionals), which, as part of the "Environment Challenge," provides the sales network with technical support in the implementation of environmental protection measures and the search for financial assistance.

Given the small size of sales outlets (when compared to the size of the Group's industrial sites), their involvement in the ISO 14001 certification process is voluntary, except in South Korea where the distribution network is integrated into the overall ISO 14001 certification of the Renault Samsung Motors subsidiary.

The composition of products used in the Group's distribution network, and the parts and accessories sold under the various Group brands around the world are subject to the same rigorous control process as the products and parts used in manufacturing vehicles. This process seeks to protect the health of both the consumers and the workers involved in vehicle maintenance and repair, protect the environment, and ensure compliance with regulations in force in countries where the vehicles are distributed, such as the REACH regulation in Europe (see section 2.7.2).

Renault also offers owners of its vehicles a large range of renovated ("standard exchange") powertrains and mechanical parts, sold at a lower cost than that of a new part, but still meeting the same quality standards.

In addition, used body parts (including hoods, wings, headlamp units, etc.) collected in Indra's network of dismantlers and selected by the Gaïa subsidiary, are available as an after-sales service to customers whose cars cannot be repaired economically using new parts only. These offers are part of the circular economy approach implemented by Groupe Renault to reduce the consumption of raw materials and environmental footprint associated with its products in their life-cycle (see section 2.6.3.2).

**Vehicle use**



Life-Cycle Assessments show that more than 80% of the greenhouse gases and the majority of atmospheric pollutants emitted over the life-cycle of an ICE vehicle concern the vehicle usage phase (see section 2.6.2.1). The first solution for reducing these emissions is technological and involves the **reduction of emissions** from internal combustion vehicles, as well as the development and marketing of a range of

electric vehicles that do not emit any pollutants or greenhouse gases during use. Groupe Renault therefore devotes a significant portion of its Research and Advanced Engineering expenses to this field, which places it among the leaders in the automotive industry in these two domains.

Moreover, the behavior of motorists, and how they use their vehicles, may be another avenue in which considerable progress can be achieved. Renault therefore endeavors to promote eco-driving, which can lead to significant reductions in energy spent and in greenhouse gas emissions during vehicle use.



The actions and results of the Company in terms of reducing emissions of greenhouse gases and atmospheric pollutants of ICE vehicles and the promotion of eco-driving are detailed in 2.6.3.1 "Energy and climate change" and 2.6.3.4 "Air quality".

### Vehicle end-of-life



From 2015, EU regulations require that 95% of the mass of end-of-life vehicles be recovered, of which 85% must be recycled. In accordance with the principle of greater manufacturer responsibility, automakers will be responsible for helping to organize and finance this process. Outside Europe, other countries already have such regulations (South Korea, Turkey, Russia, China) or are preparing to do introduce similar ones.

Renault is helping to organize the collection and recycling of end-of-life vehicles everywhere it is required. This initiative takes various forms, such as establishing its own network of authorized collection and recycling centers for end-of-life vehicles, which Renault has done, notably in France, or participation in a joint program (carmakers, dismantlers, public authorities) to set up such recycling networks.

In all cases, the vehicle is picked up at no cost to the last owner. Information concerning the methods for pollution removal, dismantling and recycling is supplied to the recycling operators and energy recovery networks using the web-site of the International Dismantling Information System ([www.idis2.com](http://www.idis2.com)).

Altogether, the markets in which Renault helped to collect and process end-of-life vehicles represented nearly 60% of the Group's global sales in 2017.

Renault has also established partnerships and commercial agreements for the collection, repair, second life and recycling of electric vehicle batteries in accordance with the regulatory requirements arising from manufacturers' increased responsibilities. Battery rental (or strictly speaking, vehicle rental) forms part of the package for the vast majority of electric vehicles marketed by Renault, with Renault remaining the owner and manager. This package ensures complete control of the collection and optimal recycling of end-of-life batteries, guaranteeing compliance with the Group's regulatory obligations in this area.

More information on these activities is provided in the section "Collect, Sort, Dismantle, Direct" in section 2.6.3.2 "Resources and the circular economy".

### 2.6.2.3 Organization and resources

The focuses of Renault's environmental policy are debated and approved by the Group Executive Committee (GEC) on the recommendation of the Vice President Environmental Strategy and Planning. The Environmental Strategy and Planning department (DPE) prepares, deploys and monitors the implementation of the environmental policy in all sectors of the Company. To this end, it uses a network of representatives who are assigned to all Company departments, as well as the expertise network created within the Group in 2010 in areas such as "energy, environment and raw materials strategy", "vehicle CO<sub>2</sub>" and "air quality and substances".

### Resources



Renault spends over €1.5 billion per year on Research and Development. Most of these resources are dedicated to new-vehicle development, a phase in which improvement of environmental performance is inseparable from the standard product renewal process. About €170 million are allocated yearly to research and advanced engineering in the early stages of vehicle projects. A

substantial portion of this expenditure is allocated to innovations specifically intended to reduce fuel consumption and vehicle emissions. These play a role in the appeal of the products, answer regulatory requirements (particularly in Europe), and represent an important tool for shrinking Renault's environmental footprint.

On the industrial side, Renault invests between €25 million and €35 million per year in the refurbishment and improvement of its facilities in terms of environmental, individual and property protection, and the production and distribution of energy. The operational expenses associated to these activities can be added to these amounts.

Renault also allocates financial resources to the development of partnerships and equity investments in the area of the environment and sustainable development through Renault Environnement, a subsidiary set up in 2008 and headed by the Group's Vice President, Environmental Strategy and Planning.

### Environmental skills and training



Renault provides its employees with environmental training and information adapted to their role and their needs.

Plant employees receive workstation training, including environmental aspects, particularly chemical risks arising from handling, storage and spills, and the sorting of waste. In the majority of plants, this training is done through a specific **Dojo** (workshop) and involves a hands-on

approach to waste management practices and the handling of chemical products in day-to-day activities. In addition, educational and awareness-raising activities on environmental protection regularly take place through internal communication channels or through weekly team meetings.

In the engineering functions, employees have access to environmental training linked to their business, provided in the form of internal training modules (e.g. training for ISO 14001 auditors or design-for-recycling) or training provided by a specialized external organization if a specific skill is required. Renault employees in France also have access to eco-driving training.

## 2.6.2.4 Environment and competitiveness

The effort to reduce environmental impacts is still frequently perceived as a source of additional costs for companies. This is only part of the picture, however, since it does not take into account the positive impact on operating costs, product appeal and the diversification of income streams.

### Reducing operating costs



In the extremely competitive automobile market, keeping vehicle production costs low is crucial in order to retain a competitive edge.

Costs stemming from energy consumption and waste management at Renault's plants run into the hundreds of millions of euros each year. Optimizing these areas is thus a means of both reducing the environmental

impact of operations and substantially lowering production costs. Energy consumption and waste management have therefore been selected as some of the priority areas for action, in order to meet the Group's objective of reducing operating costs to achieve a long-term operating margin of 5% or greater.

In 2017, the actions taken to reduce energy consumption in all of the Group's plants, under the supervision of a dedicated centralized team (see "Manufacturing" under section 2.6.3.1 "Energy and Climate Change"), secured savings of approximately €11 million on the Group's yearly energy bill.

In addition, the Group sorted and resold recyclable waste (largely metals), generating profits of more than €193 million in 2017, including a positive impact related to the increase in raw material prices (estimated at around 28%). Substantial potential savings could also be made from the recovery of other more specific waste materials. For example, using recycled solvents (see "Manufacturing" under section 2.6.3.2) rather than virgin ones reduces their cost by 30%.

Increased use of recycled materials and efforts to reduce exposure to critical raw materials are also part of the process of keeping costs low. Recycled plastic, for example, costs substantially less than virgin plastic.

Reducing exposure to virgin materials has become all the more important given both the extreme volatility and long-term upward trend of primary raw material prices. These rather unpredictable variations are, in an intensely competitive market, only partially passed on in the sale price of vehicles. They thus have a direct impact on the Group's operating profit (see section 2.6.3.2). Setting up "short loops" for the recycling of materials within the Group's business scope (see section 2.6.3.2. Recycling: develop new recycling routes, use recycled materials) is therefore a means of both reducing raw material purchase prices and reducing the Group's exposure to volatility and price fluctuations.

The increased quantity of recycled materials used in vehicles and the creation of shorter recycling loops (internally and externally) generated additional savings of some €2.5 million in 2017 compared to the actions already implemented in 2016. The metallic waste generated on the Group's

production sites is now being processed in a more systematic way for a safer flow of materials from our principal foundries.

### Appeal of products and services



Fuel consumption is one of the 10 main reasons for buyers to choose a Renault vehicle, according to surveys conducted of customers on Renault's main markets. Renault's determination to reduce its vehicles' fuel consumption and CO<sub>2</sub> emissions in use meant that in 2017 it was able to offer one of the passenger car ranges with the lowest emissions in Europe (see section 2.6.3.1), which gave it a

significant competitive advantage.

In addition, Renault is developing new tools and services that enable customers to limit their fuel consumption (embedded tools and eco-driving training, see the section on Eco-driving under section 2.6.3.1) and to prolong vehicle life at a competitive price by offering an economical option for refurbished parts of guaranteed quality (see the section on Re-use under section 2.6.3.2). Through these tools and services Renault is not only aiming to reduce its environmental footprint, it is also working to increase customer loyalty.

### New business areas



Working to find ways to both reduce environmental impacts and optimize the Group's economic resources has led Renault to explore areas which complement its core business, which has opened up new business opportunities.

Although the Choisy plant, which specializes in the renovation of powertrain components, has been in operation for over

40 years, the creation of the Renault Environnement subsidiary in 2008 reflects this momentum. Through its subsidiaries, Renault Environnement works in the following areas:

- recycling of end-of-life vehicles (Indra, joint-venture with Suez);
- industrial waste management for plants (Boone Comenor Metalimpex, joint-venture with Suez);
- recovering parts and materials through recycling networks, repairing or refurbishing batteries from electric vehicles and selling of refurbished parts (Gaïa).

In 2017, these three Renault Environnement activities (explained in further detail under section 2.6.3.2 Resources and the Circular Economy) generated revenues of €496 million, an increase of 38% over 2016. Each of these activities also recorded a net profit for the year in 2017.

Furthermore, standard exchange parts (see section 2.6.3.2 Resources and the circular economy) generated revenues of more than €106 million in 2017.

## 2.6.3 Environmental impact: actions and indicators

### 2.6.3.1 Energy and climate change

Environmental objectives 2017	Objective set	Deadline	Status as of year-end 2017	
All sectors	Reduce the carbon <sup>(1)</sup> footprint of Groupe Renault vehicles sold worldwide by an average of 25% between 2010 and 2022	2017	2022	-16.3% (compared to 2010)
Product (EV)	Products: launch 8 100% electric vehicles covering all segments, including 5 new models and 3 renewals between 2017 and 2022. Markets: retain position as leader in Europe and penetrate the market in China.	2017	2022	European market leader in electric vehicles since 2013
Product	Worldwide: reduce the tank-to-wheel CO <sub>2</sub> Emissions of PC and LCV ranges by 25% between 2010 and 2022 in order to meet the Group's carbon footprint reduction objectives and to comply with the regulatory requirements for the relevant markets	2017	2022	14.4% reduction (compared to 2010)
All segments	Build and report the worldwide "well-to-wheel" CO <sub>2</sub> emissions reduction trajectory (based on WLTP) by vehicle, in line with the 2030 and 2050 milestones from the +2°C scenario (2DS) for light duty vehicles published by the International Energy Agency	2017	2019	Action ongoing with Science Based Targets Initiative <sup>(7)</sup>
Manufacturing	Reduce the carbon <sup>(2)</sup> and energy <sup>(3)</sup> intensity of Groupe Renault's sites in the consolidated environmental scope by an average of 3% annually between 2013 <sup>(4)</sup> and 2022 (i.e., a 24% reduction over the period)	2016	2022	Carbon intensity reduced by -0.2% (compared to 2016, i.e. -20.3% since 2013) Energy intensity reduced by -5.9% (compared to 2016, i.e., -16.2% since 2013)
Manufacturing	Achieve a renewable energy share (both direct & indirect) of 20% for sites within the Groupe Renault consolidated environmental scope <sup>(5)</sup>	2008	2020	17.9% in 2017
Logistics	Reduce CO <sub>2</sub> emissions linked to logistics <sup>(6)</sup> activities by an average of 6% between 2016 and 2022 (an average of -1% per year).	2016	2022	-1.2% (compared to 2016)

(1) See definition, scope and calculation method for Groupe Renault's carbon footprint in section 2.9.3.1. The main methodological changes between the periods 2010-2016 and 2016-2022 relate to the integration of the greenhouse gas emissions of the Renault Retail Group sales network into the accounting scope, and the standardization of CO<sub>2</sub> emissions for vehicle use according to the new WLTP certification procedure for the 2016-2022 period instead of the NEDC cycle used for the 2010-2016 period. The reduction rate of the carbon footprint between 2010 and 2022 is considered at constant scope and calculation method.

(2) Direct and indirect emissions linked to energy consumption for Groupe Renault sites (excluding AVTOVAZ, in which Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is currently in development), divided by the total number of vehicles produced (scope and calculation method: see categories Scope 1 and Scope 2 in the Renault carbon footprint category table in section 2.9.3.1).

(3) Energy consumption of Groupe Renault's sites (excluding AVTOVAZ) divided by the total number of vehicles produced, see graph in the "Manufacturing" section below.

(4) Following the widening of the reporting scope in 2012 for direct and indirect greenhouse gas emissions (to include direct emissions from fixed air-conditioning units) and 2013 (indirect emissions linked to thermal energy purchased), the reference year for the emissions reduction objective was set at 2013, and not 2010 as was the case for the carbon footprint objective.

(5) The consolidated environmental reporting scope covers all of the sites listed in the "site environmental indicators in 2017" table under section 2.9.3.3, i.e., all manufacturing sites, together with the main Groupe Renault logistics, tertiary and engineering sites, excluding the RRG Commercial Network, which comes under a special reporting system as detailed in section 2.6.2.2.

(6) Average gross emissions (not adjusted for the effects of geographical and model mix) in kg CO<sub>2</sub>/km per vehicle produced linked to upstream transportation (parts for the Group's manufacturing sites) and downstream transportation (transportation of new vehicles), excluding AVTOVAZ, in which Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is currently in development.

(7) See: [sciencebasedtargets.org/companies-taking-action/](http://sciencebasedtargets.org/companies-taking-action/)



The carbon footprint of a product corresponds to the greenhouse gas emissions it generates over its life-cycle, from the extraction of the raw materials needed to manufacture it to its processing at end-of-life. The Carbon Footprint calculation for Groupe Renault vehicles includes direct and indirect greenhouse gas emissions caused by the Company's energy consumption during production (scopes 1

and 2), as well as most of the other indirect emissions associated with their design, manufacture, sale, use, and end-of-life processing (scope 3), as defined by the GreenHouse Gas Protocol.

In 2011, as part of its Renault 2016 Drive The Change strategic plan, Renault made a unique commitment in the automotive industry to reduce the average carbon footprint of its vehicles sold worldwide by 3% per year between 2010 and 2016, throughout their life-cycle (see scope and definition of the Carbon Footprint indicator in section 2.9.3.1). This

objective was exceeded with a total 18.2% reduction at end-2016 (or an average of 3.3% annually for the duration of the plan) thanks to measures implemented to reduce the carbon footprint of vehicles at each stage of their life-cycle.

As part of its new Drive the Future 2017-2022 strategic plan, Renault has renewed this commitment with the objective of reducing its carbon footprint by 25% over the 2010-2022 period.

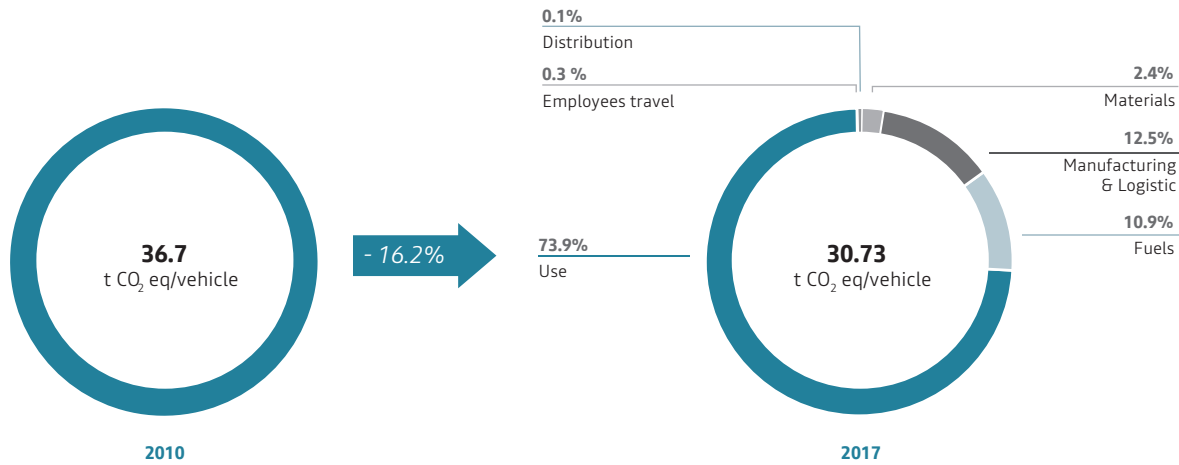
The Group is currently working with the Science Based Targets Initiative to define a long-term trajectory to reduce the carbon footprint of its vehicles in line with the efforts and progress that the automotive industry must make in order to achieve the objective set by the Paris Climate Agreement.

For information purposes, Groupe Renault's carbon footprint was estimated to be 103 million metric tons of CO<sub>2</sub> equivalent in 2017.

Further details on the method used to calculate Renault's Carbon Footprint can be found in section 2.9.3.1.

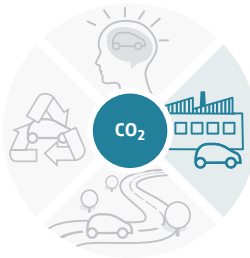


● RENAULT CARBON FOOTPRINT



Scope: All passenger cars and light commercial vehicles registered under the Renault, Dacia and Renault Samsung Motors brands worldwide. See section 2.9.3.1.

**Logistics**



Phase one of the **Logistics ECO2** program for the 2010-2016 period resulted in a reduction in CO<sub>2</sub> intensity for the Group's worldwide transport activities of 14.8% (at constant scope and excluding effects of geographic and model mix) against an objective set at -10%.

2017 was the first year of the new **Logistics ECO2** plan, which runs until 2022. It is based on commitments by the logistics

business activities and regions regarding concrete measures rolled out in the following focus areas:

- improving truck and container load factors, and packaging based on eco-design;
- developing rail and sea transport as an alternative to road transport;
- assessing environmental performance of carriers and their commitment to optimizing their energy consumption through measures such as awareness-raising and eco-driving training for HGV drivers, as well as modernizing vehicle fleets;
- reducing mileage (identifying suppliers in the production country, optimizing logistics flows) based on an indicator which measures the location of the 130 most bulky parts, monitored for each new planned vehicle.

Progress on these measures is monitored by dedicated environmental performance committees which are co-chaired by the Director of the Supply Chain Alliance and the Director of Strategy and the Environmental Plan.

For example, improvements in shipping container load factors meant that 1,980 fewer units were used in 2017, equating to 1.8% of the total number.

This measure prevented nearly 7,100 metric tons of CO<sub>2</sub> in emissions. Similarly, the optimization of the loading of trucks and packaging in Europe has kept around 6,600 trucks off the road, representing 1.1% of all transport units, thus preventing the emission of approximately 4,200 metric tons of CO<sub>2</sub>.

Moreover, the use of multimodal transport by rail and ferry for flows between France, Spain, Morocco and Russia has prevented approximately 11,800 trucks from being used, reducing CO<sub>2</sub> emissions by approximately 7,600 metric tons.

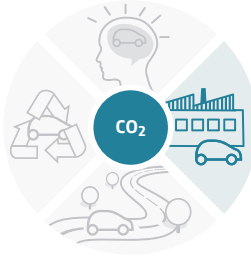
Improving fuel consumption is key to improving environmental performance and reducing transport-related costs. From 2016 to 2017, 52 suppliers and parts carriers and 17 vehicle carriers were assessed as part of calls for tender under the Spain-Portugal, central and western Europe, France-Benelux, Italy and United Kingdom scopes. On average, 70% of drivers have received eco-driving training, and fuel reduction objectives are set to an average of approximately 1% per year.

In addition, Renault is responsible for the Environment and Transport Commission within the AUTF (Association of Freight Transportation Users), which aims to promote environmental best practices within the profession and the use of better quantification tools for greenhouse gas emissions resulting from transportation. Renault was also one of the first signatories of ADEME's FRET21 Charter in 2015, the purpose of which was to ensure that shippers reduce the CO<sub>2</sub> emissions of their transport methods. By end 2017, Renault had met its three-year FRET21 commitment, and was the leading contributor in terms of emissions savings.

Finally, after Renault and Nissan's Supply Chain departments were consolidated under a single entity in 2014, in 2017 the Group stepped up its drive to develop synergies. The Alliance shares best practices, and both companies have aligned their annual objectives for the reduction of transport-related CO<sub>2</sub> emissions.



### Manufacturing



The greenhouse gas emissions reduction strategy is largely based on a reduction in energy consumption and the development of renewable forms of energy, since over 90% of the sites' emissions are the result of energy consumption. This strategy, seen in both continuous improvements and in breakthrough actions, is based on four components:

- management of energy consumption outside production periods energy. A specific system is in place to completely shut down machines and general facilities whenever possible outside production periods;
- convergence toward the best organizational and technical practices identified. Ventilation and operating conditions (temperature and humidity) have been optimized in paint shops, the most energy-hungry areas in vehicle body assembly plants. Equipment downtime and restart has also been optimized to minimize consumption. Specific actions are also applied to other production processes, such as the detection and handling of compressed air leaks or the optimization of the cooling of the welding guns used in sheet metal work;
- increase the energy efficiency of processes, particularly by experimenting energy recovery solutions such as installing heat exchangers at exit doors of paint drying ovens and decentralizing energy consumption to limit heat losses on the network;
- develop renewable energies and substitutes for fossil energies, as shown by the setting up of a biomass boiler and using electricity from renewable sources on the Tangiers site in Morocco (see "Eco-design of industrial processes" under section 2.6.2.2), the use of steam generated by the burning of industrial waste at the Sandouville (France) and Busan (Korea) plants, and the 136 hectares of solar panels installed in the Group's French, Spanish, Korean and Brazilian plants (see inset below) in partnership with third-party investors.

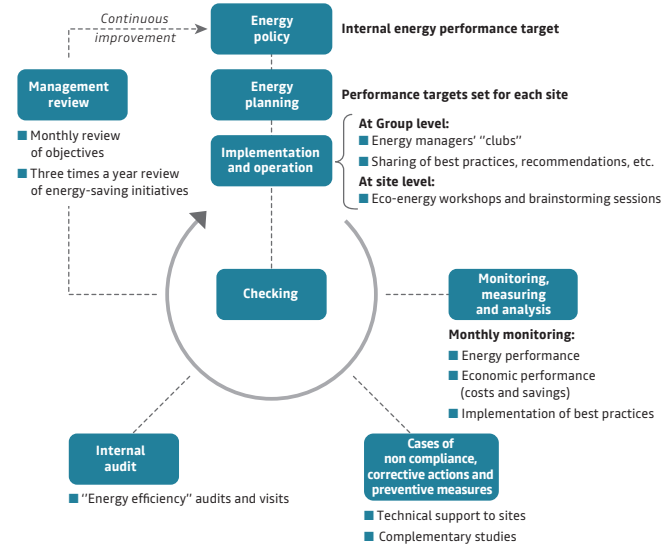
### 136 HECTARES OF SOLAR PANELS ON THE GROUP'S SITES

As of year-end 2017, the solar panels installed on Renault sites throughout the world (in France, Spain, Korea and Brazil) cover a total surface area of 136 ha, or the equivalent of nearly 190 soccer fields. The 88 MW of fully renewable electricity that they generate prevent 14,200 metric tons of CO<sub>2</sub> from being released into the atmosphere each year.

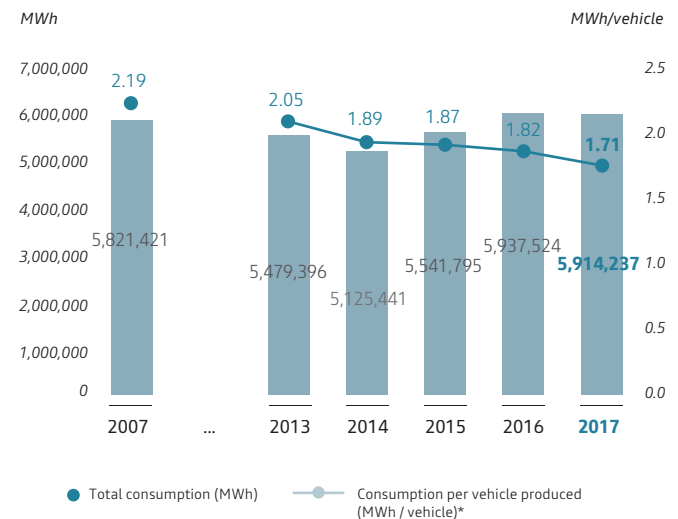
Energy management is a major economic challenge for Groupe Renault, with a global annual energy bill of almost €260 million. That is why it is being managed by a dedicated corporate team, via a network of energy managers deployed across all Group sites, according to an organization based on the principles of ISO 50001 (although Renault has not up to

now chosen to undertake a global certification procedure in respect of this standard) outlined in the diagram below.

### ENERGY MANAGEMENT WITHIN GROUPE RENAULT



### ENERGY CONSUMPTION <sup>(1)</sup>



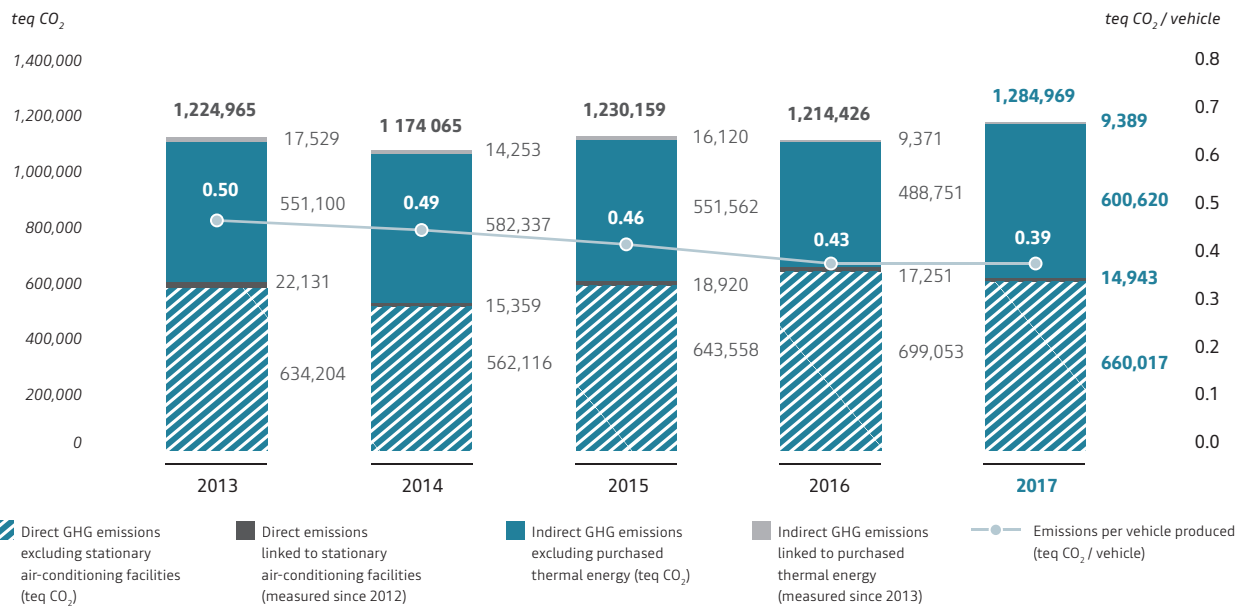
\* Given the high number of engines and gearboxes manufactured for partners, for the calculation of the MWh/veh ratio, powertrain plants consumption is adjusted pro rata to the total number of vehicles manufactured by the Group. However, no adjustment is applied to overall consumption presented in MWh in the chart.

(1) Scope: the reporting scope (described in Appendix 2.9.3.2) includes all manufacturing sites and the main logistical, tertiary, and engineering facilities of Groupe Renault, excluding the RRG Commercial Network, which is subject to the specific reporting presented in 2.6.2.2.

**DISTRIBUTION OF ENERGY CONSUMPTION BY TYPE OF ENERGY**

	Total consumption	
	%	MWh
Electricity	51%	2,989,771
<i>Of which from renewable sources</i>	16%	956,443
Natural gas	46%	2,778,139
Biomass	1.7%	100,888
Purchased thermal energy	2.5%	147,847
<i>Of which thermal energy generated from biomass at the Tangier site</i>	1.4%	84,478
LPG	0.9%	52,712
Biomass	0.3%	16,410
Heavy fuel oil and domestic fuel oil	0.1%	4,790
<b>TOTAL</b>	<b>100%</b>	<b>5,914,237</b>
<b>OF WHICH ENERGY THAT IS RENEWABLE OR PRODUCED FROM RENEWABLE SOURCES</b>	<b>17.9%</b>	

**GREENHOUSE GAS EMISSIONS <sup>(1)</sup>**



**DISTRIBUTION OF GREENHOUSE GAS EMISSIONS BY TYPE OF SOURCE**

	2016	2017	Measured since
<b>DIRECT EMISSIONS (SCOPE 1)</b>	<b>59%</b>	<b>53%</b>	
Stationary combustion installations	49%	46%	2003
Filling of air conditioning systems with refrigerants on produced vehicles	4%	2%	2003
Company cars	3%	3%	2009
Testing of gear boxes, engines and vehicles on endurance test tracks	1%	1%	2003
Filling of stationary air conditioning systems and procedures	1%	1%	2012
<b>INDIRECT EMISSIONS (SCOPE 2)</b>	<b>41%</b>	<b>47%</b>	
Electricity	40%	47%	2009
Thermal energy purchased (steam and hot water)	1%	47%	2013

(1) Scope: the reporting scope for greenhouse gases (described in section 2.9.3.2) includes direct emissions (scope 1) and indirect emissions (scope 2) from all manufacturing sites and the main logistical, tertiary and engineering sites of Groupe Renault, excluding the RRG Commercial Network, which is the subject of specific reporting presented in section 2.6.2.2.

## Taking risks linked to climate change into account

**Certain extreme climatic events** may disturb or even, in the most serious cases, temporarily stop operations at some of the Group's production and logistics facilities. The main climatic risks likely to impact Renault sites are flooding (French plants of Choisy-le-Roi and Flins, located close to the Seine River), typhoons (Busan plant in South Korea) and hail storms (the plants in Santa Isabel at Cordoba in Argentina, Valladolid in Spain, Flins in France, Revoz in Slovenia, and Dacia in Romania).

The hail risk has, by far, the highest recurring financial impact due to the damage caused to new vehicles when they are stored in unprotected zones. In order to reduce the risk of damage caused by hail, between 2010 and 2013, Groupe Renault implemented a widespread plan to cover vehicle storage zones. This work was partly financed by Renault and partly by investors as part of a project to install photovoltaic panels. As a result of this plan, the majority of the Group's storage areas for new vehicles are now protected.

No other natural risks linked to climate change have so far led to any notable disruptions to activities or material damage to sites or products. Sites subject to risks of flooding or typhoons are suitably protected, and emergency plans are in place to protect people and property and prevent or limit production shutdowns.

**The agreement signed in 2015 at the end of the Paris Climate Change Conference (COP21)** and the national commitments published on that occasion (INDC) have been analyzed in-depth for their implications for the automotive industry. The related opportunities and risks were presented to the Executive Committee to be taken into account in Group strategy and product planning.

Opportunities, as well as risks, associated with the tightening of regulations on **vehicle CO<sub>2</sub> emissions** have been identified as a major competitiveness issue for the Company and are monitored as such by the Executive Committee (see "Environmental Risks" in section 1.6.1).

Thus, the financial penalty of €95 per gram and per vehicle in case of non-compliance with the European objective of a CAFE<sup>(1)</sup> per manufacturer of 95 g CO<sub>2</sub>/km in 2021 would represent for Groupe Renault an overall amount of about €150 million per gram of overrun based on current sale volumes. The achievement of this objective, in order to avoid such penalties, is therefore a priority objective for the Group, which has considerable advantages in this respect, having been in the Top 3 of the most virtuous European manufacturers in terms of CAFE over the last six years and, also for the last five years, having been leader in the market for 100% electric vehicles.

China is the other large market in which the Group is subject to stringent regulatory restrictions in matters of CO<sub>2</sub> emissions from vehicles. Non-compliance with Chinese CAFC<sup>(2)</sup> objectives by the manufacturer would, however, not lead to financial penalties, but to a prohibition on selling the least fuel-efficient models, which would consequently represent a risk for the manufacturer or a commercial and financial opportunity, depending on its positioning in terms of CAFC. Groupe Renault, which, since the first half of 2016, has had an industrial site at Wuhan with its partner Dongfeng, has therefore made the CAFC positioning of its range a key element of its

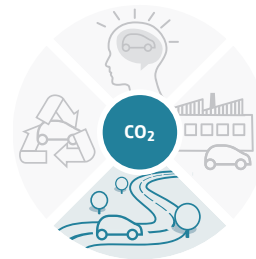
product strategy in China, so that it constitutes a driver and not a brake on its growth in this market. For this, it can rely on its experience in electric vehicles and low-cost cars and, in the medium-term, offer electric vehicles in the Chinese market in addition to a modern and high-performance internal combustion range.

Changes to the average CO<sub>2</sub> emissions of the vehicles sold by Groupe Renault in Europe and throughout the world, as well as the strategy and product news associated with the internal combustion and electric ranges, are presented in the section "Use of vehicles" -below.

The financial challenges associated with the **European Union Emissions Trading System (EU-ETS)**, to which 13 Group sites are subject, are managed by a special Steering Committee. Against a background of the gradual elimination by the European Commission of the free allocation of EU-ETS quotas, the strategy implemented by Groupe Renault aims to minimize the financial costs that these quotas will cause for the Company in the medium and long term, through efforts to reduce the energy consumption of the sites (see the "Manufacturing" section above) and rigorous management forward-looking management, throughout the period 2013-2020, of CO<sub>2</sub> emissions and allocations of annual quotas and quotas put in reserve by the Group during the years when it had a surplus. Given the reduction in the price of the EU-ETS quotas observed in 2017 and the upward trend expected in the coming years, the Group has decided to go to the market (rather than use its quota reserves or surpluses from certain of its sites) to offset the quota deficits at the European sites with negative balances for 2017, for a total cost of around €800 thousand. The Group plans to maintain the negative impact of CO<sub>2</sub> quotas (Europe and Korea) in the Company's financial statements at a level of around €1 million per year for the entire 2013-2020 period, while retaining a quota reserve, with the aim of mitigating the expected upward trend in this financial expense over the 2021-2030 period.

Finally, concerning the **carbon fuel tax** introduced in France in 2016 under the Energy Transition Law (€22 per metric ton of CO<sub>2</sub> in 2016, €56/t in 2020, €100/t in 2030), its financial impact in terms of the cost of customer vehicle use and its potential consequences on market growth (respective shares of the gasoline, diesel, hybrid and electric engines, etc.) have also been analyzed and taken into account in the Group's industrial strategy and product planning.

### ● VEHICLE USE



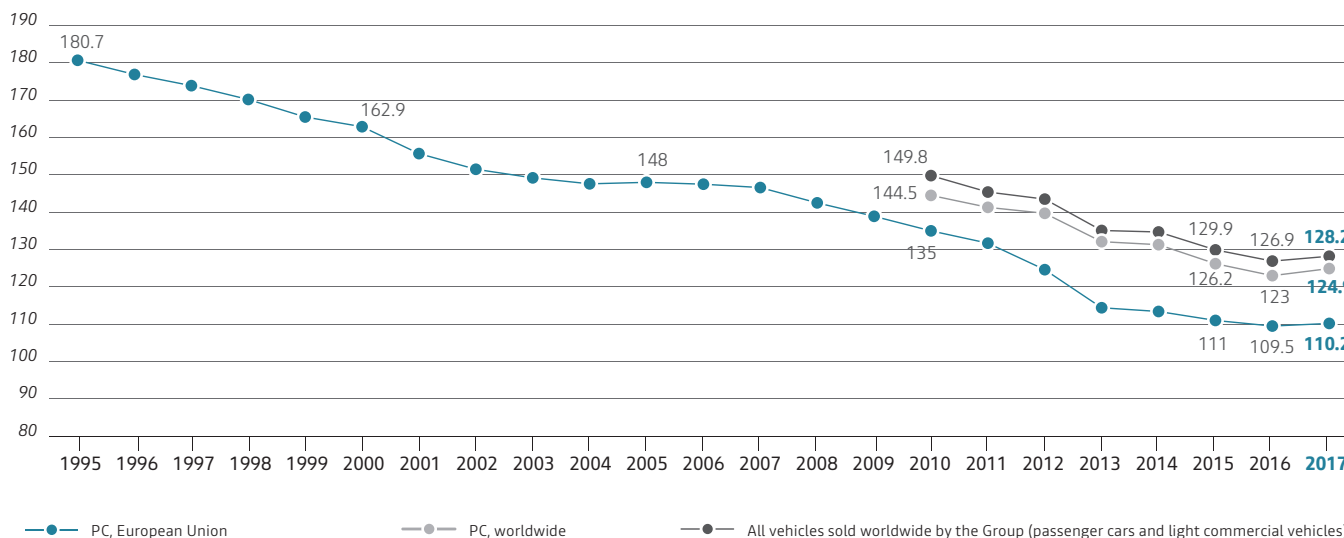
Renault aspires to make a significant contribution to the reduction of the environmental footprint of vehicles. In order to do this, it strives to provide mobility solutions that are eco-friendlier and that are accessible to the greatest number of people. In 2017, according to the data available when this report was published, Renault and Dacia's average CO<sub>2</sub> emissions in Europe were estimated at

110.2g CO<sub>2</sub>/km, placing Groupe Renault among the top European carmakers for the sixth consecutive year.

(1) CAFE (Corporate Average Fuel Economy) represents the average CO<sub>2</sub> emissions of all passenger cars sold by a carmaker – see Groupe Renault graph presented above.

(2) CAFC (Corporate Average Fuel Consumption) is the Chinese equivalent of the European or American CAFE.

**AVERAGE CO<sub>2</sub> EMISSIONS FOR VEHICLES SOLD BY GROUPE RENAULT (G CO<sub>2</sub>/KM) – PC EUROPE REGION, PC WORLDWIDE AND ALL VEHICLES WORLDWIDE**



PC European Union: Average certified CO<sub>2</sub> emissions for the mixed New European Driving Cycle (NEDC).

1995-2017 data: EU, data from the AAA (Association Auxiliaire de l'Automobile) or the European Environment Agency.

2017 provisional data: AAA data EU 28 excluding Czech Republic, Romania, Bulgaria, Malta and Cyprus, and excluding data for November and December for the 28 countries.

PC, worldwide and All vehicles, worldwide: The CO<sub>2</sub> emission values considered by model are those taken for the calculation of the Group Carbon Footprint indicator: please refer to the description of the scope covered and the data sources in section 2.9.3.1, line "Use of products sold".

**1. Internal combustion engine vehicles**

In order to continue the reduction in CO<sub>2</sub> emissions of its internal combustion engine vehicles to meet its carbon footprint commitments, to comply with the regulatory requirements in each of the Group's markets (EU with average emissions limited to 95 g CO<sub>2</sub>/km by 2021, as well as China, Korea, Brazil, India, Turkey, Mexico, Japan, etc.) and to retain a sustainable position among automotive industry leaders in this field, Renault relies on various courses of action, such as:

- vehicle weight reduction through the use of lighter materials such as aluminum and the use of technological advances (hot pressed steel, etc.) that lighten the parts while retaining the desired mechanical characteristics;
- aerodynamics;
- downsizing, i.e., reducing the cubic capacity (and therefore the consumption) of an engine with the same power output by means of turbochargers and optimized combustion;
- the reduction of heat loss and mechanical friction;
- different levels of hybridization, from Stop & Start, now available on the entire range of affordable, rechargeable, hybrid technology which offers "zero emission" <sup>(1)</sup> mobility for short day-to-day journeys, and is set to supplement Renault's electric product line in the next few years. As part of its new Drive the Future 2017-2022 strategic plan, Groupe Renault has announced the launch of 12 electrified models representing half of the range.

(1) Neither CO<sub>2</sub> nor any other pollutant emissions during use, excluding consumable parts.

In 2017, Groupe Renault's CAFE (Corporate Average Fuel Economy) reached 110.2 g CO<sub>2</sub>/km, a rise of 0.7 g CO<sub>2</sub>/km. This was primarily due to the structural decrease of the diesel engine share, as diesel engines are more efficient than gasoline engines in terms of CO<sub>2</sub> emissions (-6 points in Groupe Renault's sales mix in Europe in comparison with 2016).

However Groupe Renault's CAFE remains below its regulatory objective, with a difference of -14.9 g CO<sub>2</sub>/km in 2017, compared with -14.6 g in 2016, due to a 15 kg increase in the Group's weight factor.

**2. Electric vehicles**

Electric vehicles are a major component of Renault's strategy. The Company is targeting a large-scale roll-out <sup>(1)</sup> of this type of vehicle, which provides a real solution to atmospheric pollution in urban areas given their absence of pollutant emissions during use (see "Vehicle use" under section 2.6.3.4). They can also significantly reduce the greenhouse gas emissions associated with transportation.

The ZOE carbon footprint throughout its life-cycle is nearly 40% less than that of an equivalent internal combustion vehicle, based on the average European electric production mix. Moreover, the carbon footprint of each electric vehicle in use, including those on the roads today, is set to decrease steadily over the coming years given the planned increase in the share of renewable energy in the European energy mix (objective of 20% of final gross energy consumption in 2020 versus 14.1% in 2012).



The introduction of electricity that is entirely generated from renewable sources, available to businesses and private consumers alike since the liberalization of the European energy market, not only makes possible zero-CO<sub>2</sub> emissions mobility during use, but also from “well to wheel”, meaning that CO<sub>2</sub> emissions associated with the electricity production needed to charge an electric vehicle battery are included.

The synergies between electric mobility and renewable energy however go far beyond the mere reduction of CO<sub>2</sub> emissions related to battery charges. The challenge of widespread distribution of electric vehicles is emerging as an integral part of an optimal integration of renewable energies in the electricity production and distribution “ecosystem”, at a lower cost and providing maximum benefit in terms of overall reduction of greenhouse gas emissions.

According to the study “En route pour un transport durable” (Towards sustainable transport) published in late 2015 by the European Climate Foundation and Cambridge Econometrics (see section 2.1.6.6), intelligent management of electric vehicle charging could contribute to the creation of a net profit of €125 million in 2030 for the French energy system, while enabling greater integration of renewable energy. It would also make it possible to add more than 20 million electric vehicles into France’s car fleet without resorting to additional production capacity.

The storage capacity that electric vehicle batteries represent could indeed be used to absorb surplus renewable energy when grid demand is lower than production and return the surplus during the consumption peaks. These peaks determine the size of electricity production and distribution infrastructures and contribute strongly to greenhouse gas emissions because they are currently covered for the most part by thermal power stations (gas, coal, etc.).

Such synergies can be implemented through intelligent management of the charging of electric vehicles (or even charges/discharges as part of solutions to power electrical grids or homes from batteries) and through the reuse of second-life batteries in electrical energy storage infrastructures. This is why Renault is a partner in the European ELSA project aiming to develop a stationary electricity storage system using second-life batteries provided by Renault and Nissan, as well as with the British company Connected Energy for the commercial development of fast-charge solutions based on used Renault second-life batteries (batteries that have lost about 30% of their initial storage capacity).

According to the International Energy Agency <sup>(1)</sup> global electricity production from renewable energies should reach 28% of total production by 2021 (22% in 2013), thereby making electric vehicles, which are a subject of growing interest in many countries, even more attractive in terms of environmental benefits. In China, Groupe Renault started to produce vehicles for the local market at the beginning of 2016, through its joint-venture with Dongfeng (Dongfeng Renault Automotive Company) and plans to launch electric vehicles during the forthcoming years (see the section “Adaptation to the consequences of climate change” above). China has set itself the goal of reaching 5 million rechargeable electric vehicles or hybrids on the roads by 2020, and simultaneously increasing the renewable energies share of its primary energy consumption to 15% (20% by 2030).

(1) IEA Medium-Term Renewable Energy Market report 2016.

(2) 23.8% market share excluding TWIZY.

(3) In the standardized NEDC certification cycle.

(4) CAFE (Corporate Average Fuel Economy) represents the average CO<sub>2</sub> emissions of all passenger cars sold by a carmaker – see Groupe Renault graph presented above.

## ELECTRIC VEHICLES IN THE ECOLOGICAL TRANSITION

Groupe Renault was invited by the Fondation pour la Nature et l’Homme and the European Climate Foundation to take part in the study “Electric Vehicles in the French Ecological Transition”, alongside ADEME, the Réseau de transport d’électricité (RTE), the battery manufacturer Saft, Avere-France (Association for the development of electric mobility) and the NGOs Réseau Action Climat France, WWF France and the Réseau pour la transition énergétique (Energy Transition Network) (CLER).

This study was published in December 2017 and assesses the environmental impacts and benefits of electrifying the automotive vehicle fleet in France by 2030. It confirms the environmental benefits of electric vehicles in combating climate change and achieving the targets of the Paris COP21 agreement. The study also covers how the benefits could be enhanced by maximizing the use of batteries for mobility (vehicle-sharing, increasing mileage) and by services to the grid (“V2G” or “vehicle-to-grid”). Finally, the study explores the possibility of using second-life batteries to store energy, thereby boosting energy transition and the development of renewable energy.

For further information visit:

<http://www.fondation-nature-homme.org/magazine/quelle-contribution-du-vehicule-electrique-la-transition-energetique/>

In 2017, the Group recorded a new 40% increase on 2016 in its worldwide sales of electric vehicles, to 40,942 units.

In Europe, the second-largest market worldwide in 2017 for “all-electric” vehicles in 2017 (after China), Renault is consolidating its leadership with registrations up by 38% to 35,535 vehicles (excluding the TWIZY), representing almost one electric vehicle out of every four sold in Europe <sup>(2)</sup>. ZOE was the best-selling electric vehicle in 2017 in the European passenger car market for the third consecutive year, with 31,302 registrations over the year (+44%). It topped electric vehicle sales in France, Germany, Austria, Spain, Portugal and Denmark. The KANGOO Z.E. remains the best-selling electric light commercial vehicle, as it has been every year since it was introduced.

Electric vehicles represented 1.9% of total Groupe Renault sales in Europe in 2017 (well above the average market share for this vehicle type on the European market, which was 0.85% in 2017) enabling electric vehicles to provide a 2 g CO<sub>2</sub>/km reduction in the CAFE <sup>(4)</sup> for Groupe Renault in Europe. The new Z.E.40 (41 kWh) and Z.E.33 (33 kWh) batteries have been available on ZOE models since the end of 2016 and KANGOO since mid-2017, ensuring a record range of 400 km <sup>(4)</sup> for ZOE and 270 km for KANGOO <sup>(3)</sup>, and the introduction of the New MASTER Z.E. electric van in 2018 should enable Renault to consolidate its leadership in the European electric vehicle market and contribute to achieving the “CAFE” reduction objectives and the Group’s overall carbon footprint.



While the ZOE and KANGOO Z.E. constitute the majority of the electric vehicles sold by Renault in Europe, sales outside Europe are largely focused on the SM3 Z.E. sedan, which is produced in Korea by the Renault Samsung Motors subsidiary, and the TWIZY quadricycle. This demonstrates how the four models in the Group's electric vehicle range complement one another. Equipped with a new 36-kWh battery, the New SM3 Z.E. (launched in 2017) has increased its range by over 50% to 213 km <sup>(1)</sup>. The SM3 Z.E. has shown itself to be particularly well-suited to markets (especially in Asia) where sedans are still a strong status symbol, while the TWIZY's resolutely innovative concept and design has enabled it to open up brand new markets to electric mobility, such as Colombia, Mexico, and Turkey.

### 3. Technological eco-driving aids

Fuel consumption actually observed by the average driver can diverge from the certified values, with differences possibly exceeding 20% depending on the type of driving. This is due to certified consumption values being calculated for standardized cycles that do not reflect all driving styles (more or less aggressive) or all driving conditions (no heating or air conditioning, fluid urban and suburban traffic).

Renault offers eco-driving assistance solutions in order to close this gap, so that the actual consumption noted by its customers is as close as possible to the certified values. This was the impetus behind the creation of Renault's Driving ECO2 program in 2008, which aims to offer vehicle-embedded driving aids to customers, as well as training services in order to assist them in reducing their fuel consumption through eco-driving.

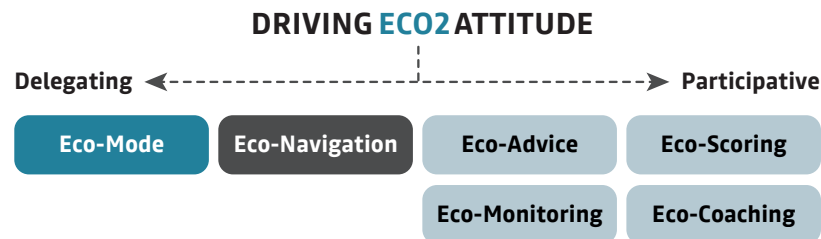
Changing driver behaviors through eco-driving is an avenue likely to reduce energy consumption (gasoline, diesel or electricity). Depending on driving style, savings of up to 25% could be achieved.

Surveys, conducted both internally and externally to better understand customers' expectations of embedded eco-driving aids, led to the identification of four driver profiles (see graph below):

- "participative" drivers who wish to take an active role by changing their behavior, and would like information and targeted advice on how to do this;
- "delegating" drivers, who are ready to give full responsibility for reducing their consumption to the vehicle;
- drivers who are both participative and delegating;
- finally, a minority of drivers who state that they have no interest in any form of eco-driving assistance.

In order to meet the specific expectations of each of its customers, Renault has developed a full range of Driving ECO2 embedded driving tools adapted for each driver profile (see graph below):

- Eco-mode, triggered by the touch of a button, modifies vehicle performance and regulates thermal comfort to reduce fuel consumption by as much as 10%;
- the real-time driving aid tools Eco-Advice (speed change indicator) and Eco-Monitoring (which combines the driving style indicator, instant consumption and the engine regime);
- the Eco-Scoring and Eco-Coaching tools integrated into the multimedia systems (R-LINK, Medianav, and now the free R&Go smartphone application which is replacing R-LINK on the TWINGO and TRAFIC entry-level versions), which assess the driver and provide him or her with personalized advice based on the scores obtained;
- Eco-Navigation calculates the most fuel-efficient route for a given journey.



Deployed since 2012, these embedded eco-driving aids are now available on all passenger car and light commercial vehicle models sold under the Renault, Dacia and Renault Samsung Motors (in South Korea) brands, except where local vehicle adaptations change this.

These embedded aids have fully achieved their goal, which was to raise driver awareness of how their driving affects their vehicle's consumption

and emissions, and initiate a form of collaboration or even dialogue between drivers and their vehicles in terms of eco-driving. Since then, Renault has been developing second-generation embedded eco-driving aids, which will integrate predictive functions and a higher degree of personalization, connectivity and interactivity with the driver, to improve the gains achieved under real driving conditions.

(1) According to the certification cycle in force in South Korea.

## INTRODUCTION OF EMBEDDED ECO-DRIVING AIDS

	Main models equipped at end-2017
Eco-mode	Renault Range: TWINGO, CLIO, ZOE, CAPTUR, MEGANE IV, SCENIC IV, KADJAR, TALISMAN, ESPACE V, New KOLEOS, KANGOO (Z.E. and combustion), TRAFIC, MASTER Dacia Range: SANDERO, LOGAN, DUSTER, LODGY and DOKKER Renault Samsung Motors range: QM3, SM5, SM6, QM6, SM7
Driver assessment and coaching (R-LINK 1 and 2, Media Nav and R&Go)	Renault Range: TWINGO, CLIO, ZOE, CAPTUR, MEGANE IV, SCENIC IV, KADJAR, TALISMAN, ESPACE V, New KOLEOS, KANGOO (Z.E. and combustion), TRAFIC, MASTER. Dacia Range: SANDERO, LOGAN, DUSTER, New DUSTER, LODGY and DOKKER Renault Samsung Motors range: SM3, QM3, SM5, SM6, QM6, SM7
Driving style indicator	Renault Range: CLIO, CAPTUR, ZOE, MEGANE IV, SCENIC IV, KADJAR, TALISMAN, ESPACE V, New KOLEOS, TRAFIC Renault Samsung Motors range: QM3, SM5, SM6, QM6, SM7

In addition to embedded eco-driving aids, Renault offers its fleet customers Driving ECO2 training programs on internal combustion and electric vehicles, in partnership with the French driving school ECF (École de Conduite Française) and the International Federation of Safety Education Network (IFSEN). Course participants are trained on their own work vehicles, to which a Driving ECO2 Training System by Renault device is connected. This facilitates an analysis of the overall driving data so as to measure in real time the progress made through the implementation of the skills learned.

Renault also offers its corporate customers an embedded telematics system (Fleet Asset Management), which provides corporate fleet managers with remote access vehicle driving data (distance, consumption, average speed and Eco-score). This objective assessment of the driver's behavior encourages employees to adopt eco-driving measures during their travel and they can be trained if necessary.

## 2.6.3.2 Resources and the circular economy

Environmental objectives 2017	Objective set	Deadline	Status as of year-end 2017	
Product	<b>Increase the technical and economic value of automotive industry parts and materials preserved through the circular economy activities of the Group and its Renault Environment subsidiary between 2016 and 2022, by €100 m, in particular:</b> <ul style="list-style-type: none"> <li>repair and refurbishment services and second-life use of electric vehicle batteries</li> <li>use of recycled materials from end-of-life vehicles and production scraps in the production of new vehicles</li> <li>use of refurbished parts to repair vehicles in the after-sales phase</li> </ul>	2017	2022	Measured from the 2018 financial year
	Increase the Group's overall consumption of recycled plastic (by weight) by 50% between 2013 and 2022	2016	2022	57 kt in 2017, i.e. +31% (compared to 2013)
Manufacturing	<b>Reduce by 25% the quantity of non-recycled<sup>(1)</sup> waste per vehicle produced on the Group<sup>(2)</sup>'s manufacturing sites between 2013 and 2020, through:</b>	2016	2020	-25.2% (compared to 2013)
	<ul style="list-style-type: none"> <li>a 15% reduction in the quantity of hazardous waste per vehicle produced between 2013 and 2020</li> </ul>	2016	2020	-13.4% (compared to 2013)
	<ul style="list-style-type: none"> <li>a 30% reduction in the quantity of mixed non-hazardous waste per vehicle produced between 2013 and 2020</li> <li>50% "zero landfill<sup>(3)</sup>" manufacturing sites by 2020.</li> </ul>	2016	2020	-10.9% (compared to 2013) 48.4% in 2017

(1) Waste for which the processing network is designated by European processing codes D or R1 (energy recovery), excluding foundry and construction waste.

(2) Excluding AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is currently in development.

(3) Sites for which less than 1% of waste (excluding foundry and construction waste) is sent to landfill, either directly (as defined by European codes D1, D5, D12) or after stabilization treatment (sludge treated as defined by European code D9).





Metals and plastics make up more than 85% of the materials in automobiles. In 2017, nearly 3.6 million metric tons of steel, 430,000 metric tons of cast iron, and 390,000 metric tons of aluminum were needed to manufacture the vehicles sold by Groupe Renault <sup>(1)</sup> worldwide, both in the Group's plants and by its parts suppliers. These estimated figures include offcuts of sheet metal and metal shavings generated

during supplier parts manufacturing processes and in the Group's plants. In addition, Groupe Renault used about 650,000 metric tons of plastic materials, including offcuts, in vehicle manufacturing in 2017.

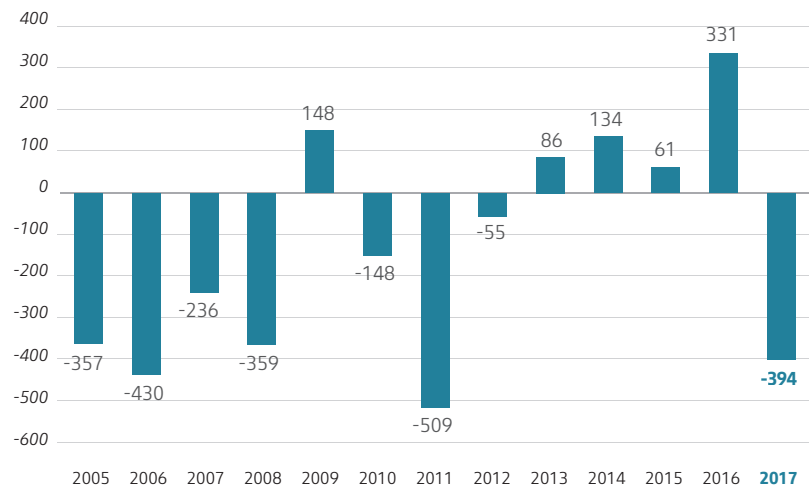
Among the materials used in the plants in the Europe and North Africa Regions (approximately two-thirds of the quantities above), it is estimated

that the portion of recycled steel materials falls between 15% for flat steel and up to 100% for steel bars and cast iron. The recycled materials rate for aluminum varies considerably according to the processes used to manufacture the parts: it is close to 100% for aluminum foundries and has been increased to nearly 40% for pressed aluminum parts manufactured internally, but remains close to 0% for aluminum wheel trims. Renault is currently working to increase the recycled rate for this last category. Recycled plastic is estimated to have averaged 16.7 kg per vehicle in 2017.

Reducing the consumption of virgin materials is a key objective both ecologically and economically. The extraction of raw materials and their transformation have a negative impact on ecosystems and reduce their availability for future generations. At the same time, the rising trend observed in raw material prices since the beginning of the century and their volatility affects the Group's profitability.

● ANNUAL IMPACT OF FLUCTUATIONS IN MATERIAL PRICES ON THE GROUP'S OPERATING PROFIT

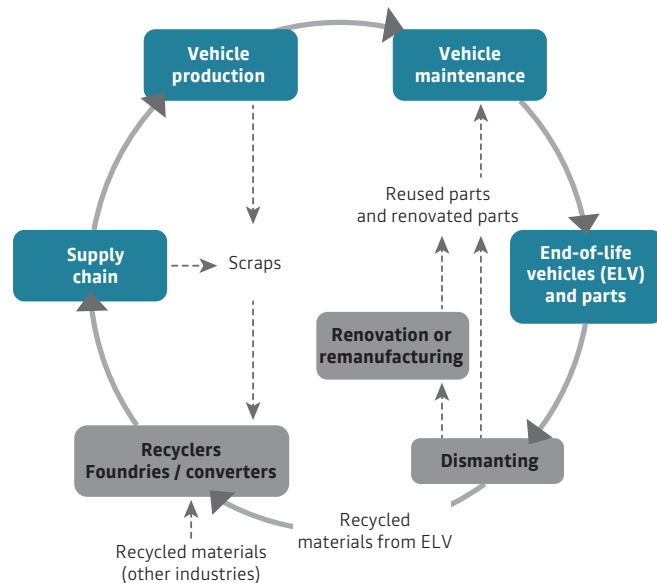
€ million



Renault uses circular economy principles to reduce the use of raw materials. As an alternative to the linear "take, make, dispose" economic model, which relies on intensive use of resources and energy, the circular economy provides an economic model that reconciles prosperity and the preservation of finite natural resources.

Renault is developing this economic model in three ways:

- designing vehicles that are more economical in materials, and in which 95% of the mass can be recycled or recovered. Renault anticipated this European regulatory requirement and implemented it on all models brought to market as of 2007. In addition, it is voluntarily applied to all vehicles sold by Groupe Renault worldwide;
- developing technical solutions and industrial collection systems, reusing, renovating and recycling parts and materials from end-of-life vehicles. The aim is to make these systems profitable and ensure the availability and quality of recycled materials;
- incorporating an ever-increasing share of recycled materials into new vehicles.



(1) Excluding AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is currently in development

### RENAULT IS A PARTNER OF THE ELLEN MACARTHUR FOUNDATION

The Ellen MacArthur Foundation works with businesses, universities and decision-makers to promote circular economic models and develop the scientific and managerial knowledge required for their adoption and to advise on the potential for economic and environmental benefits.

A founding partner of the Ellen MacArthur Foundation, Renault helps to fund it, contributes to the Foundation's work and events (annual reports, case studies, Circular Economy 100 business network) and undertakes to develop activities based on the principles of the circular economy.

The Ellen MacArthur Foundation supports Renault in raising the awareness of its employees and takes part in in-house studies at both managerial and operational levels, with a view to implementing a circular economic model in the Group's business.

For more information about the Ellen MacArthur Foundation: [www.ellenmacarthurfoundation.org](http://www.ellenmacarthurfoundation.org).

### Designing vehicles that are recyclable and material-efficient



Since the early 2000s, the design of Renault vehicles has taken dismantling and recycling requirements into account. For example, dismantling has been made easier by reducing the number of fixing points. Similarly, preference is given to recyclable materials for which recycling systems exist; whenever possible, a single part will not contain materials that cannot be recycled together; and tanks are shaped

to allow all fuel and oil to be removed. During the design phase, every vehicle project is monitored by a recycling specialist.

The possibility of renovating powertrains or certain of their parts (remanufacturing) is also taken into consideration from the beginning of their design by facilitating the dismantling and assessment of their components.

Renault is also working at reducing the amount of materials used in manufacturing its vehicles. Renault has introduced two technological advances to the steel used in vehicle bodies, in order to reduce the consumption of sheet metal:

- the use of sheet metal with high elastic limits (including hot-pressed steel) reduces the thickness and therefore the mass of the parts;
- deep-drawing processes have been optimized to improve material consumption, i.e., the ratio between the mass of the part and the initial mass of the metal blank. These processes allow smaller blanks to be used to make the same part and generate less metal waste.

Renault is also reducing its exposure to critical materials that present risks of unavailability or supply shortages (see "Risks relating to raw materials" in section 1.6.1.2).

### Reducing at source and recovering industrial waste



In accordance with the principles of the circular economy, Renault has adopted a preventive approach to achieve the maximum reduction in the environmental impacts associated with the production of waste, through the implementation of the following principles, in order of priority:

- **reduce** the quantity of waste generated at source, by first eliminating the source

of its creation, where possible: this means that the use of sustainable packaging in the transportation of manufacturing parts is favored over that of single-use packaging, particularly for high-volume parts and short logistical flows (the economic and carbon assessments incorporating the return of empty packaging are not favorable for low volumes transported over long distances).

When the production of waste cannot be avoided, an effort is made to reduce the quantity by separating the portion that is not strictly-speaking waste (recoverable active substances, water, etc.). For example, the filtering systems for paint sludge facilitate a reduction in the quantities of waste to be eliminated since they extract the water contained in the sludge. New water extraction techniques accordingly enabled the plant at Curitiba (Brazil) to reduce its production of paint sludge and sludge from effluent treatment stations by an average 27%<sup>(1)</sup> in 2016 and 2017 compared to 2015. Similarly, the separation of dry matter and oils contained in the sludge and the shavings from machining reduces the tonnage of waste and facilitates the recovery of oils that can be reused in the manufacturing process. The installation of an evaporation-concentrator at the Chilean plant at Cormecanica (Chile) in 2016 reduced the tonnage of hazardous waste by an average of 30% over 2016 and 2017;

- **reuse** spent products, production offcuts and scrap: in assembly plants, excess anti-corrosion protection waxes are recovered after application, filtered and returned to the production system. Following the implementation of regeneration of solvents used to rinse the painting robots on most sites (83% of solvents are regenerated at the European and Moroccan sites), the re-use of these regenerated solvents in the paint lines is now in place at the Batilly, Maubeuge, Flins, Sandouville (France) and Valladolid (Spain) sites. In Colombia, the Medellin plant has been recycling its paint solvents internally since 2014, enabling the plant to almost completely eliminate solvent waste. As regards powertrain manufacturing sites, the Cléon plant collects and regenerates used machining oils from several French plants to use as a substitute for new oils. When they are in good condition, used wood pallets are re-used within the Company or resold for the same purpose. In 2016, the Curitiba plant created an internal catalog of packaging in good condition, enabling large quantities of it to be reused. Gaia, a subsidiary of Renault Environnement, recovers unused end-of-series parts from within the plants, sorts them and sells them;
- **recycle** the materials contained within the waste. This form of waste treatment can be applied to most recoverable materials (cardboard, plastic, metal, etc.). In this way, metallic waste, which represents over

(1) Quantity of paint sludge and sludge from treatment stations generated compared to surface painted.

70% of the total production waste, is almost completely recycled. Paper, cardboard and plastics are also systematically sorted for recycling. However, beyond these “traditional” recyclable waste categories, some more complex types of waste that may initially appear of no value can also be recycled through incorporation in the composition of new materials. Therefore, ashes from the biomass boilers at the Tangiers plant in Morocco (nearly 1,100 metric tons in 2017) are used in bio fertilizers certified for use in organic farming. In addition, since 2017, sludge from the Batilly plant treatment facility that was previously sent for incineration is now recycled as part of a cement manufacturing process. Similarly, the Busan plant in South Korea recycles the sludge from its treatment and phosphating system by channeling it into cement manufacturing.

- **recover** energy by using waste as an alternative fuel (in cement plants, for example) or by recovering the energy produced through incineration (in waste incineration plants) to produce electricity or steam; this in turn can be used to replace natural gas for heating paint drying ovens,

as is the case at the Sandouville plant in France and the Busan plant in South Korea;

- **disposal** consists of burning the waste or burying it in landfill. Renault is seeking to minimize the use of this waste management method. Based on a like-for-like scope of operations, Renault has reduced the quantities of manufacturing waste sent to landfill (except demolition waste and foundries) by 66% since 2007. At the end of 2016, Curitiba eliminated its last use of landfill channels and became the first mixed plant (producing vehicles and powertrains) in Groupe Renault to reach zero landfill. In 2017, nine manufacturing sites did not send any production waste to landfill (excluding demolition waste and rubble).

To ensure consistency at a Group-wide level, Renault has drafted a waste table (a codified list of waste produced by sites). This makes it possible to standardize the approach to hazardous and non-hazardous waste internationally.

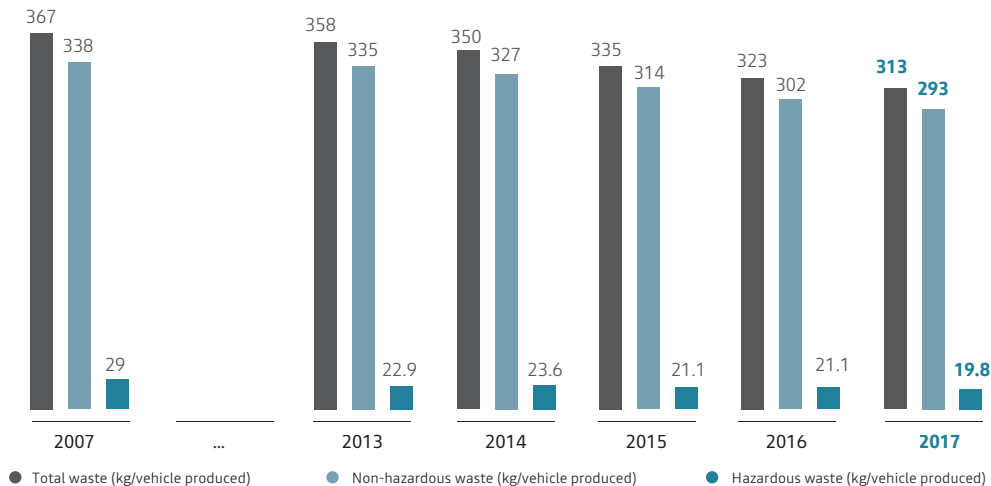
**WASTE PER CATEGORY AND PROCESSING MODE (METRIC TONS/YEAR) <sup>(1)</sup>**

		Total	Recycled	Energy recovery	Incinerated without energy recovery	Other elimination channels
Hazardous waste	2017	65,816	19,768	23,580	10,330	12,139
	2016	66,152	20,751	22,433	6,750	16,219
	2015	59,924	19,649	22,910	5,117	12,248
	2017	190,094	150,368	15,455	234	24,037
Non-hazardous <sup>(2)</sup> industrial waste	2016	182,827	143,969	12,681	251	26,648
	2015	175,240	140,764	9,886	288	24,302
	2017	783,201	779,450			3,751
Metallic waste	2016	761,413	757,300			3,393
	2015	717,114	712,802			4,312
	<b>2017</b>	<b>1,039,110</b>	<b>949,587</b>	<b>39,034</b>	<b>10,563</b>	<b>39,926</b>
	<b>2016</b>	<b>1,010,392</b>	<b>922,020</b>	<b>35,114</b>	<b>7,001</b>	<b>46,261</b>
<b>TOTAL</b>	<b>2015</b>	<b>952,278</b>	<b>873,215</b>	<b>32,796</b>	<b>5,405</b>	<b>40,862</b>

(1) Scope: all manufacturing plants and the main tertiary, logistics and engineering sites of Groupe Renault, excluding AVTOVAZ and excluding establishments in the RRG Commercial Network (the scope of reporting described in section 2.9.3.2). Quantities of construction waste, which are unrelated to the activity, are not included.

(2) Excluding metallic waste.

**● WASTE PER VEHICLE PRODUCED (KG/VEHICLE)<sup>(1)</sup>**



(1) Scope: all manufacturing sites and the main tertiary, logistics and engineering sites of Groupe Renault, excluding AVTOVAZ and excluding establishments in the RRG Commercial Network (the scope of reporting described in section 2.9.3.2). Quantities of construction waste, which are unrelated to the activity, are not included in the chart.

### Collect, sort, dismantle, direct



Collection is an essential step in the recycling of end-of-life products. In addition to its regulatory obligations (see section 2.6.2.2), Renault has chosen to invest directly in the collection and processing networks for end-of-life vehicles in France (45% of the Group's European end-of-life vehicles are located here due to Renault's long-term establishment in the country), in order to retain economic and technical control of

material flows.

Thus, in 2008 the Renault Environnement subsidiary committed itself, along with the Suez Group, by taking a 50% stake in Indra. Indra has been active in automotive dismantling for over 20 years, and is involved in all levels of automobile dismantling, through four complementary activity clusters:

- engineering: Indra designs, develops, produces and markets innovative tools, equipment and processes (refined and tested at their own dismantling site in Romorantin) that deal with pollution removal, dismantling and recycling of ELVs. These tools and methods are intended to be widely distributed to all of Indra's dismantling network through training programs that the Company develops and provides (243 people were trained in 2017);
- management-distribution of end-of-life vehicles for carmakers, insurers, governments, and even individuals through its 349 authorized ELV centers;
- dismantling/recycling in its own dismantling centers;
- marketing of refurbished parts under warranty: Through its network, Indra distributes certified, reusable parts dismantled at its sites.

In 2017, approximately 350,000 end-of-life vehicles were processed by Indra's network of authorized dismantlers or by its own dismantling sites, around 13,000 of these via the goodbye-car.com web-site, which, since 2014, has offered a turnkey ELV collection service aimed at retail customers.

The Gaïa subsidiary collects unused parts in the sales network as well as at the plants and suppliers' sorts them and, depending on their condition, resells them or sends them to the most appropriate recycling system.

Renault has invested in these activities in order to meet a three-pronged goal:

- to meet Renault's regulatory requirements concerning ELV collection and processing in France;
- to improve the technical and economic performance of the network, thereby achieving the European goal of a cost-efficient 95% vehicle recycling and recovery rate, through the development of new dismantling tools and processes for ELVs, and supporting and training its automotive dismantling network;
- to supply short recycling loops (see "Recycling" section below) in order to reduce dependence on and consumption of virgin raw materials.

### Re-use



In addition to the marketing of unused parts by its Gaïa subsidiary (see above), since 2012, the Renault sales network in France has offered used body parts (including hoods, wings, headlamp units, etc.) collected and selected from Indra's network of dismantlers.

To facilitate access to refurbished parts, Indra has also developed the PRECIS system, in partnership with Sidexa. This was put into service in France in April 2014, and enables a pooled inventory of premium quality refurbished parts for repairers to be created, fed by the Indra network ELV centers. When pricing the repairs to be carried out on vehicles, repairers are automatically informed by the PRECIS module of Sidexa's Pacte Office software (market leader in calculation software) of the existence of refurbished parts available in the pooled inventory, thus reducing the repair cost while retaining the same level of guarantees. This offer, unique amongst European carmakers, allows the repair of vehicles for which repair would not otherwise have been economically viable using new parts alone, thus extending the vehicle life whilst very significantly reducing the environmental footprint associated with the repairs.

Revenue generated through the PRECIS system amounted to €2.3 million in 2017, up 77% compared to 2016. A significant increase is again expected in 2018, boosted by the still low penetration of used parts in the repair market and the law on energy transition for green growth, adopted in France in August 2015, which requires repairers to offer repairs with used parts since January 2017.

### Re-manufacturing

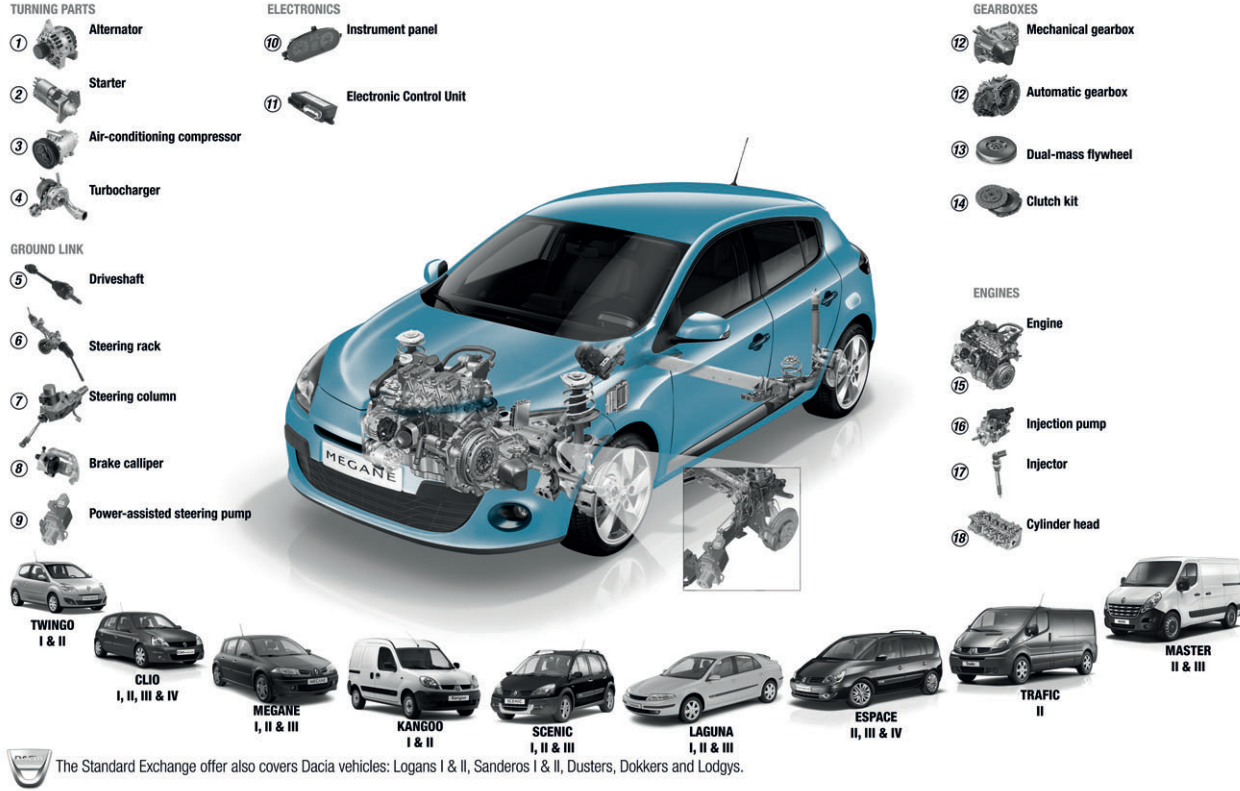


For more than 60 years, Renault has practiced **re-manufacturing**, *i.e.*, the refurbishment of mechanical parts. Used parts are collected in the sales network, sorted and refurbished. Since 1949, the renovation of engines and manual gear boxes has been carried out at the Choisy-le-Roi (France) plant. This activity adheres to a strict industrial process: involving complete dismantling, cleaning, sorting, refurbishment and replacement of faulty or worn parts, re-assembly and inspection.

These renovated ("standard exchange") parts are sold to Renault and Dacia vehicle owners at a price that is, on average, 40% lower than that of a new part, while satisfying the same quality requirements. Far from being marginal, the standard exchange parts offering covers nearly 70% of the Group's powertrain parts and 50% of ground contact parts (see below), - and is regularly extended to cover new part categories.

Each part replaced as a standard exchange saves a significant amount of energy compared with manufacturing a brand new part (a saving of up to 70% for an engine).

● STANDARD EXCHANGE OFFER



**Recycling: develop new recycling routes, use recycled materials**



In accordance with the principles of the circular economy, Renault's objective is to ensure not only that waste from the automotive industry is recycled but, whenever possible, that it is recycled within the automotive industry itself (short loop). The challenge is to maintain the technical qualities and economic value of materials during recycling.

At end-2017, the short-loop networks set up by Renault included:

- the recycling of metal parts coming from vehicle maintenance and repair. These flows, set up in 2012, consisted of faulty engines and gearboxes sent for renovation: once processed, components that are not reused in the refurbished parts are recycled in Renault's foundries;
- copper recycling. The wire bought back from the dismantlers of end-of-life vehicles by Gaïa is processed to recover the copper. The copper is then re-sold either to the Fonderie de Bretagne (Groupe Renault) for the production of pearlitic cast iron or to auto industry suppliers for aluminum processing. The copper recycled by Gaïa is of a high-quality, enabling it to meet demanding technical specifications and to replace raw or post-industrial material;

- recycling of polypropylene (plastic material): Gaïa collects bumpers from dismantlers and garages and ensures that they are processed in order to meet the Renault-Nissan Alliance's technical specifications. Seven grades of polypropylene provided by this recycling network have been listed with the Renault Materials Panel of which three are used for mass production applications and four are currently awaiting approval for vehicle projects;
- recycling of metallic waste from manufacturing (sheet metal, shavings from machining). Loops between Renault plants or between Renault plants and suppliers of metal parts have been set up in France, Spain, and Brazil;
- recycling of platinum-group metals. Gaïa collects catalytic converters from end-of-life vehicles from dismantlers, from which it extracts the platinum-group metals. These recycled metals are then sold to an auto industry supplier to be re-used in the manufacturing of catalytic converters.

These short loops contribute to the achievement of Renault's objectives for the use of recycled materials in new vehicles. The collection and transportation of materials during the recycling process are also optimized to achieve the greatest reduction in the environmental footprint of the recycled materials.

The Group regularly develops new ways of reusing materials from end-of-life vehicles, notably through collaborative research projects bringing together manufacturers, local authorities, ADEME and universities (see boxed section). Accordingly, the development of an acoustic insulating material for soundproofing vehicles using recycled automotive textiles and professional clothing in an exclusive process received the technical

validation of the engineering department, with a view to developing applications on the range's vehicles.

Each ESPACE V therefore contains more than 50 kg of recycled plastics, including one-third from post-consumer <sup>(1)</sup> recycling

Renault and its partner Nissan are working together to identify new channels and to increase the incorporation of recycled plastics materials in vehicles produced outside Europe and Japan.

### CIRCULAR ECONOMY COLLABORATIVE RESEARCH PROJECTS

Groupe Renault is involved in many collaborative research projects in the circular economy, for which it is most often the initiator and leader, bringing together a network of partners from the automotive industry and the worlds of recycling, research and education.

2015 had seen the culmination of the Innovative Car Recycling 95% project (ICARRE95), whose purpose was to show how to recover 95% of the mass of ELVs (end-of-life vehicles) under conditions that are economically profitable for all stakeholders, through:

1. creating and setting up new networks for parts or materials that are less frequently or never recycled by stakeholders in this area;
2. alternative logistics that aim to reduce the environmental footprint of transport in the recycling process;
3. the development of recycling skills through training.

In continuity with ICARRE95, three new projects piloted by Renault aim to develop the use of recycled materials in particular from end-of-life vehicles or other end-of-life products in the manufacturing of new vehicles:

#### I – TREFIV (Thermoplastic Glass Fiber Recycling) Project:

This collaborative project aims to produce structural parts from post-consumer polypropylene through the addition of fiberglass. It is conducted in partnership with other companies including SYNOVA, an SME specializing in the recycling of plastics that was already involved in the ICARRE95 project. Approval for its application to structural parts on the ESPACE V ("functional front end") was approved in 2017, and is expected to be implemented in 2018.

#### II – TREVIS (Visible Thermoplastic Recycling) Project:

The purpose of this project is to pave the way for the integration of post-consumer recycled plastics in visible parts, which represent most of the mass of plastic materials used in new vehicles. Recycled plastics are widely used today in non-visible parts, but their integration into visible parts requires a perceived quality and durability equivalent to those of the best new plastics, especially in terms of color, smell and colorfastness in climatic conditions such as prolonged exposure to the sun.

#### III – TCT (Thermoformed Composite Textile) Project:

The TCT project includes the deliverables from the "à filer" project, which has enabled the production of 100% recycled seat textiles. Today, many different recovery methods can be envisaged. This project enables new materials combining technical performance, cost savings and ease of production, in close cooperation with ADIENT SA (subsidiary of Johnson Controls), automotive textile producer and Filatures du Parc. It combines two recycled materials from end-of-life vehicles, automobile manufacturing scraps and PET bottles, to develop a textile that can be used in the manufacture of thermoformed automotive parts. Apart from its obvious environmental interest, this solution also has the potential for significant gains in terms of simplification of industrial processes, durability and weight reduction. This project, based locally for the most part in the Occitania region of Southern France, also contributes to the revival of the French industrial sector, where it puts an age-old know-how in the service of innovation within the field of circular economy.

Groupe Renault is also continuing the collaboration with higher education establishments that started for the ICARRE 95 project, with the aim of integrating the subject of recycling into their educational courses and preparing for the future of these industrial sectors. For further information, see [www.icarre95-programmelife.com](http://www.icarre95-programmelife.com)

### 2.6.3.3 Water consumption and quality

Environmental objectives 2017		Objective set	Deadline	Status as of year-end 2017
Group	Reduce by 20% between 2013 and 2020 the external water supply in the Group's plants) per vehicle produced <sup>(1)</sup>	2016	2020	-9% (compared to 2013)
Manufacturing	Reduce by 30% between 2016 and 2020 the quantity of toxic metals (METOX) in the liquid effluents of the Group <sup>(2)</sup> 's plants per vehicle produced	2016	2020	-27% (compared to 2016)

(1) Scope: all manufacturing sites and main Groupe Renault tertiary, logistics and engineering sites (reporting scope described in section 2.9.3.2), excluding RRG Commercial Network and excluding AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016, and for which environmental reporting is in development.

(2) Manufacturing sites in the consolidated scope excluding AVTOVAZ, see definition and calculation method in the methodology comments on liquid discharges in section 2.9.3.2.

(1) Post-consumer recycled materials: materials from recycling end-of-life consumer goods, in contrast to post-industrial recycled materials coming from manufacturing waste.



Preserving water resources is an ongoing concern for Renault, both to ensure long-term supply and to reduce its impact on ecosystems. For this reason, the Group has set a goal of minimizing the impact of its activities on this precious resource through the implementation of the following five objectives:

- 1) **reduce** water consumption at source as well as the quantities of wastewater through well-designed processes and optimized management. For example, vehicle surface treatment is one of the major causes of water consumption in an automotive plant. The cascade filling of baths (water from one bath is redirected to another that requires a lower level of purity, etc.), stopping the rinse water flow between each body, and the presence of rinse manifolds between stages (which prevents the contamination of baths with impurities from the body) enable a reduction at source of the quantities of water used as well as the waste to be treated;
- 2) **reuse** water where possible for the same use: cooling in a closed circuit, increasing the lifespan of baths, etc.;
- 3) **recycle** water for other compatible uses, with or without additional treatment. For example, the Sofasa plant (Colombia) recycles saline concentrates from reverse osmosis (purified) water to the flushing of toilets and the water curtains (air cleaners) of paint pits, which facilitates the reduction of the quantity of water consumed as well as that of waste discharged;
- 4) **minimize the impact** of residual waste on the environment through efficient and strictly controlled treatment processes;
- 5) **control the risk** of accidental pollution of surface water by installing the means needed to confine water from accidental spillages and that used for fire fighting. Since late 2015, the Tangiers plant, already designed not to discharge any industrial waste, has accordingly had a basin that enables it to confine any accidental pollution and avoid its discharge into the environment, and to purify rainwater drained on the site by decantation.

### Reducing industrial effluents

Among measures used to meet its objectives of reducing water abstraction and the discharge of pollutants into the environment, Renault places a particularly strong emphasis on the recycling of industrial effluents: the wastewater generated by the manufacturing process is treated in a manner that allows this same water to be transformed into a resource of sufficient quality to be re-used in the same process.

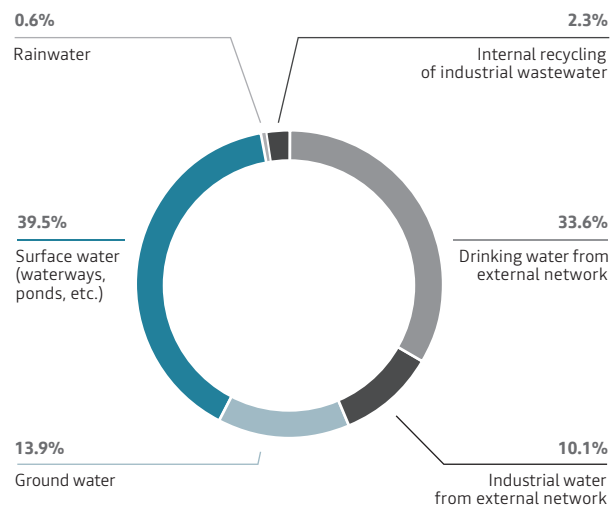
In the **powertrain plants**, the recycling of industrial effluents consists in separating the distillate (treated water) that can then be reintroduced into the process, from the concentrate (oily residue from evaporation) that will be directed to the appropriate waste treatment channel.

In the **body assembly plants**, the recycling technology is more complex because the water used in the manufacturing process (surface treatment and e-coating) must be of very high-quality. The treated waste is subjected to a reverse osmosis process (a purification process using a membrane), then an evapo-concentration process (extreme concentration of waste through different evaporation stages), that enables the re-use of the majority of the water contained therein, in a purified form, within the industrial processes and minimizes the quantities of waste generated.

The Tangiers body assembly plant in Morocco is equipped with the most advanced technologies available for recycling wastewater from the manufacturing process. Following the additional investments made in 2015 to increase the volume of industrial effluents recycled and thus keep pace with the increase in the site's production rate, the volume of water saved amounted to 270,000 m<sup>3</sup> per year on average.

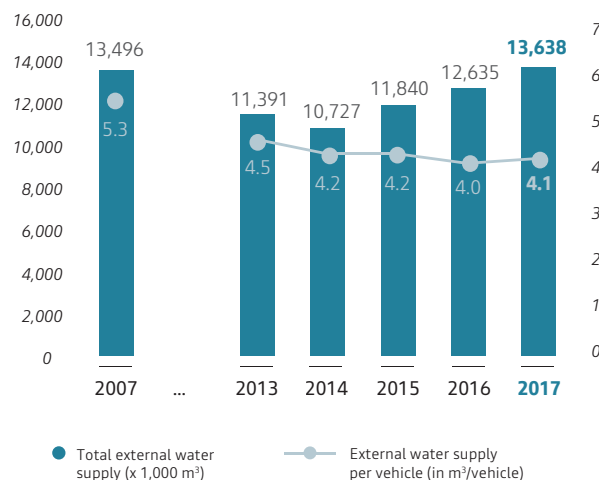
The Tangiers site is now the plant with the lowest external water abstraction ratio (at 1.1 m<sup>3</sup> per vehicle produced in 2017) in accordance with the target assigned when it was founded. The performance obtained at Group level in 2017 enabled the external water abstraction rate to be reduced by 9% in relation to vehicles produced since 2013 (from 4.5 to 4.1 m<sup>3</sup> per vehicle).

### BREAKDOWN OF SUPPLIES OF WATER BY SOURCE



Scope: all manufacturing plants and the main Groupe Renault tertiary, logistics and engineering sites, excluding AVTOVAZ and excluding the RRG Commercial Network (reporting scope described in Appendix 2.9.3.2).

### EXTERNAL WATER SUPPLIES



External water supply corresponds to drinking water, industrial water, groundwater, surface water and rainwater networks.



### 2.6.3.4 Air quality

Environmental objectives	Objective set	Deadline	Status as of year-end 2017	
Manufacturing	Reduce by 25% between 2013 and 2020 the average VOC <sup>(1)</sup> emissions per m <sup>2</sup> of painted body	2016	2020	-20% (compared to 2013)

(1) VOC (volatile organic compounds) emissions from vehicle body paint workshops (excluding paint for parts such as bumpers made of plastic materials and accessories), for all manufacturing sites excluding AVTOVAZ in which Groupe Renault acquired a majority stake in late December 2016, and for which environmental reporting is currently in development.

#### Manufacturing

##### Volatile organic compounds (VOC)



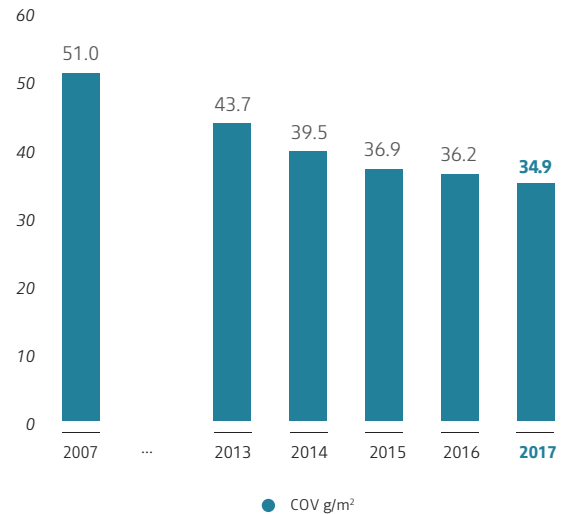
In 2017, volatile organic compound emissions per m<sup>2</sup> of painted assembled bodywork fell by an average of 4% (compared to 2016) for the Group as a whole, to 34.9 g/m<sup>2</sup>.

The main actions to reduce VOC emissions during 2017 in the Group's plants included:

- implementation of (or replacement by) new robots to apply a sealant layer or protective underbody layer in the Douai, Pitesti (Romania) and Batilly plants;
- rolling out very low solvent sealants in the Flins, Douai, Palencia (Spain) and Bursa (Turkey) sites for vehicle interior applications;
- continuation of actions undertaken in 2016 to improve the recovery rate of used solvents at 60% of sites;
- disseminating the Group's best practices on the reduction in the consumption of solvent paint products and the associated emissions, led by the Group's Paint Engineering department.

At end-2017, 82% of vehicles produced each year were painted using paint with a water-soluble base (i.e., the solvent in the paint is comprised mainly of water), and 75% of the Group's paint and varnish drying ovens were linked to a Volatile Organic Compound thermal oxidizer.

#### EMISSIONS OF VOC



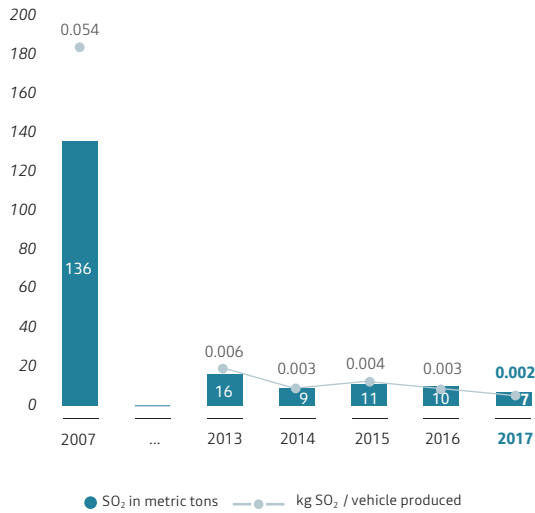
Scope: all body assembly and mixed Groupe Renault plants (reporting scope described in section 2.9.3.2). The emissions counted are those of the vehicle body paint workshops (excluding paint for parts such as bumpers made of plastic materials and accessories).

#### Combustion-related emissions of SO<sub>2</sub> and NO<sub>x</sub>

Over the past few years Renault has been conducting a large-scale program to replace fuel oil by natural gas at its production plants. The aim is to cut emissions of sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and carbon dioxide (CO<sub>2</sub>). Since fuel oil is now almost no longer used at the Group's facilities, the main focus is now on the modernization of gas boilers and the installation of low NO<sub>x</sub> emissions burners.

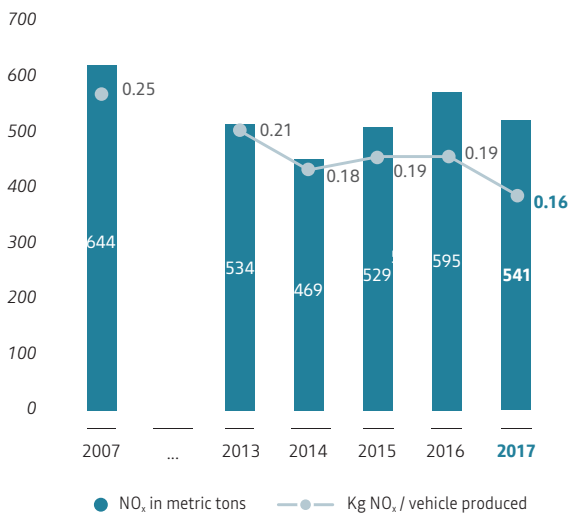


● EMISSIONS OF SO<sub>2</sub>



Scope: all manufacturing plants and the main Groupe Renault tertiary, logistics and engineering sites, excluding the RRG Commercial Network (reporting scope described in section 2.9.3.2).

● EMISSIONS OF NO<sub>x</sub>



Scope: all manufacturing plants and the main Groupe Renault tertiary, logistics and engineering sites, excluding the RRG Commercial Network (reporting scope described in section 2.9.3.2).

Vehicle use

Reduction of pollutant emissions in internal combustion vehicles



All vehicles sold by Groupe Renault worldwide have, in accordance with all regulations in force, received appropriate approval from the relevant authorities.

Following the deployment of particulate filters for diesel vehicles, as imposed by the Euro 5 standard (which has applied to all passenger cars since January 1, 2011 and to light commercial vehicles since January 1, 2012), the Euro 6b standard, which has applied to all passenger cars since September 1, 2015 (and LCVs since September 1, 2015 or 2016, according to their mass), lowers authorized particulate emissions once again for all engines, while reducing the authorized NO<sub>x</sub> emissions for the certification of diesel vehicles by more than half in comparison with Euro 5 (from 180 to 80 mg/km), bringing the latter to a level close to those authorized for gasoline vehicles (60 mg/km).

Such a reduction, which, for diesel vehicles, represents a more than six-fold decrease in the emission limits of nitrogen oxides in 10 years, was made possible by implementing post-treatment systems such as NO<sub>x</sub> trap or SCR (Selective Catalytic Reduction). The NO<sub>x</sub> trap is a chemical system which traps nitrogen oxides then converts them into neutral gases. It has been fitted in all diesel passenger cars sold by the Group in Europe since September 2015. SCR (Selective Catalytic Reduction) technology works to convert nitrogen oxides into water and nitrogen by injecting urea. All TRAFIC and MASTER light commercial vehicles sold in Europe since September 2015 are fitted with this technology.

The rollout of the Euro 6d standard is a new step in the reduction of pollutant emissions in internal combustion vehicles. Groupe Renault has launched an ambitious €1.2 billion investment program spread over four years, with the aim of preparing for these new standards, of which the first phase, Euro 6d temp, came into force for all new vehicles in September 2017 (New Types) and September 2019 (All Types). These standards introduce measurements under real and variable driving conditions (RDE, Real Driving Emissions protocol). At the same time, the European Commission also introduced the new WLTP certification procedure, applicable from September 2017 (New Types) and September 2018 (All Types), which takes better account of average customer use and the diversity of vehicle equipment than the NEDC cycle.

Measurements conducted in a laboratory based on a standardized certification cycle cannot, by their very nature, cover the variety of these customer uses, as the effectiveness of depollution systems varies according to a multitude of factors, such as driving conditions, type of driving or temperature.

This is why Renault, for several years, has supported the European approach aiming to set up measurements, under real driving conditions (RDE), of emissions of pollutants such as nitrogen oxides and particles, as well as setting up the new WLTP procedure.



Starting in 2015, in order to anticipate these regulatory developments Renault has gradually implemented, on all diesel Euro 6b vehicles produced, improvements intended to further limit emissions during use by customers:

**1. Extending the operating range for EGR (Exhaust gas recirculation), systems, a key component in reducing nitrogen oxides**

Studies and checks made since July 2015 have allowed Groupe Renault to at least double the operating temperature range for full effectiveness of its EGR systems, without any change to the reliability and operating safety of the engine and the vehicle under all customer use conditions.

**2. Improving the performance of NO<sub>x</sub> trap management which, in addition to the EGR, allows the storage and treatment of nitrogen oxides at regular intervals**

The frequency and effectiveness of purges are increased with a more "robust" system, to better take into account the diversity of driving conditions.

These combined actions have allowed, on average, and depending on the applications and type of driving, a substantial reduction – between two- and four-fold – in nitrogen oxides for the EGR extension zone. All customers who purchased a Euro 6b vehicle - compliant with the applicable standards - before these improvement measures, can benefit from them via an engine calibration adjustment carried out free of charge by the after-sales network.

SCR technology, which Renault currently uses on its TRAFIC and MASTER light commercial vehicles, will also be rolled out to the entire European range of diesel passenger cars by September 2019 to meet Euro 6d temp standards. This SCR technology, which is more restrictive in use, with the installation on the vehicle of a urea tank that needs to be refilled regularly, can nevertheless reduce nitrogen oxides with increased effectiveness over all the operating ranges of the engine. SCR and NO<sub>x</sub> trap technologies can be combined for certain applications.

In other markets, Renault adapts the technical definitions of its powertrains to fit local specifics (fuel quality, climate, dust, etc.) in such a way as to ensure each vehicle's compliance with applicable regulations in the country in which it is sold. In addition to strict regulatory compliance, the Group capitalizes on lessons learned in Europe to fulfill the growing expectations throughout the world, that pollutant emissions during customer use are better taken into account (see above).

The Group has also set up internal governance processes aiming to analyze and control discrepancies between the consumption and emissions values certified in the laboratory on a standardized cycle, and values measured during customer use:

- systematic measurement, for all models in the range, of emissions under real driving conditions using the "RDE" protocol (a "customer" driving cycle derived from the ARTEMIS cycle has also been used internally for many years to evaluate the consumption of our vehicles during use by the customer);
- analysis of differences between the results of these internal measurements, other measurements of the same type taken by third parties (government commissions, NGOs, specialist companies such as Emissions Analytics®, etc.) and the emission values certified in the laboratory on a standardized cycle, and cross-checking of this information against feedback gained from customer satisfaction surveys;
- ensuring that these analyses are taken into account when developing new vehicles, for the continual improvement of emissions during customer use;
- definition by the Group Executive Committee of strict guidelines and arbitration by this Committee of the investments required for the ongoing reduction of pollutant emissions in internal combustion engine vehicles.

**EMISSION STANDARDS APPLICABLE TO PASSENGER CARS IN THE EUROPEAN UNION**

Standard and year of applicability (all types)	Euro 1 1993	Euro 2 1997	Euro 3 2001	Euro 4 2006	Euro 5 2011	Euro 6b 2015	Euro 6d temp 2019	Euro 6d 2021	% reduction compared to the first limit value
<b>DIESEL</b>									
Nitrogen oxides (NO <sub>x</sub> ): Limit value/Compliance factor <sup>(1)</sup>	-	-	500/-	250/-	180/-	80/-	80/2.1	80/1.5	-84%
Carbon monoxide (CO)	2,720	1,000	640	500	500	500	500	500	-82%
Hydrocarbons and nitrogen oxides (HC + NO <sub>x</sub> )	970	900	560	300	230	170	170	170	-82%
Particles – by mass (PM)	140	100	50	25	5	4.5	4.5	4.5	-97%
Particles - Number (PN): Limit value/compliance factor <sup>(1)</sup>	-	-	-	-	6×10 <sup>11</sup> /-	6×10 <sup>11</sup> /-	6×10 <sup>11</sup> /1.5**	6×10 <sup>11</sup> /1.5	-
<b>GASOLINE</b>									
Nitrogen oxides (NO <sub>x</sub> ): Limit value/compliance factor <sup>(1)</sup>	-	-	150/-	80/-	60/-	60/-	60/2.1	60/1.5	-60%
Carbon monoxide (CO)	2,720	2,200	2,200	1,000	1,000	1,000	1,000	1,000	-63%
Hydrocarbons (HC)	-	-	200	100	100	100	100	100	-50%
Non-methane hydrocarbons (NMHC)	-	-	-	-	68	68	68	68	-
Particles - by mass (PM)	-	-	-	-	5	4.5	4.5	4.5	-
Particles - Number (PN): Limit value/compliance factor <sup>(1)</sup>	-	-	-	-	-	6×10 <sup>12</sup> */-	6×10 <sup>11</sup> /1.5**	6×10 <sup>11</sup> /1.5	-

All values are expressed in mg/km except PN, which is expressed in number of particles per km.

(1) Compliance factor: Maximum ratio allowed between emissions measured under real conditions using the RDE protocol, and the emission limit values in the certification cycle.

\* Regulation no. 459/2012 authorizes direct-injection gasoline cars to emit 6×10<sup>12</sup> particles until 2017; from then on, they are limited to 6×10<sup>11</sup>, the same as diesel vehicles.

\*\* Compliance factor applicable from 2018 for particles by number.

**Contribution of electric vehicles to the improvement of air quality in urban areas**



Once they reach a significant proportion of all vehicles on the road, electric vehicles will contribute to improving air quality in urban areas because they do not generate emissions during use <sup>(1)</sup>. In 2012 Renault teamed up with the city authorities in Rome and with Aria Technologies and Arianet, two companies specialized in modeling atmospheric pollution, to quantify the health benefits of electric

vehicles in urban areas. Nissan, along with Aria Technologies, also led a similar study in the city of Hong Kong in 2014. These studies, which assessed both the reduction in local emissions due to electric vehicles and the increase in emissions caused by the increase in electricity generation, modeled the impact of a proactive policy to promote electric mobility.

In the scenario tested in Rome, electric vehicles represented 20% of all vehicles in city center areas subject to existing traffic restrictions, reflecting political proactiveness to promote clean vehicles (replacing the public fleet with electric vehicles and promoting small electric LCVs for goods delivery to end-customers). The study's findings showed a clear health benefit from the proactive scenario compared with the base scenario. Concentrations of nitrogen dioxide (NO<sub>2</sub>) would be reduced by 9% to 25% depending on the season, and up to 45% on major arterial roads, and particle concentrations (PM<sub>10</sub>) would be reduced by up to 30%. Finally, the number of inhabitants and visitors alike exposed to benzene concentrations higher than 2 µg/m<sup>3</sup>

(1) Excluding consumable parts.

(maximum value recommended by France's High Council for Public Health) in the historic city center would be reduced by nearly 50% in relation to the base scenario.

The proactive scenario modeled in Hong Kong assumed that 20% of passenger cars and light commercial vehicles (including light buses) would be electric and 20% of taxis and light buses would be bi-fuel LPG vehicles, all within a downtown area of 1 km<sup>2</sup> (Mong Kok neighborhood). This modeling demonstrates that if 20% of vehicles were electric, this fact alone would generate a 46% reduction in winter concentrations of volatile organic compounds and a 25% reduction in concentrations of particulates (PM<sub>10</sub> and PM<sub>2.5</sub>) in the neighborhood in question.

**Cabin air quality**



Air in the cabin is a complex blend of air drawn from outside the vehicle, which supplies the heating and air conditioning systems, and emissions from materials within the cabin. Groupe Renault takes these two components into consideration when designing its vehicles in order to control their impact on the quality of cabin air, and to maintain the health and comfort of passengers.

### Treatment of external air drawn into the cabin

When driving, the main influence on the quality of cabin air is that of external air, given the fast air renewal flow required for passenger comfort (200 m<sup>3</sup>/h on average). Therefore, as soon as it designs its vehicles, Renault ensures that the architecture enables an air treatment system to be fitted. Three types of technical solutions are implemented:

- 1) the cabin particle filter (also known as a pollen filter): they are made of non-woven fibers and designed to trap the smallest particles, with an effectiveness of over 85% efficiency from 2.5 µm in size and 95% for particles above 10 µm;
- 2) combination cabin filters: These are pollen filters with a layer of activated charcoal grains added. In addition to particles, the activated charcoal traps gases including aromatic compounds and nitrogen dioxide. These filters are sized to trap an average of more than 85% of these compounds on the Renault vehicles on which they are fitted;
- 3) automatic air inlet management system: this is an electronic system linked to a toxicity sensor, which automatically closes the air inlet when the sensor identifies a peak concentration of certain pollutants in the outside air (such as when the vehicle passes through a tunnel). In particular, it detects gases emitted by preceding vehicles.

The technical solutions applied to each vehicle are the result of a compromise between a number of services (treatment efficiency, defogging, noise and energy consumption), and vary according to the level of the range and equipment. Most of the latest passenger car models marketed under the Renault brands in Europe and China (ESPACE V, KADJAR, TALISMAN, MEGANE IV, SCENIC IV and New KOLEOS) do however come with combination filters as standard on all versions, together with the automatic air inlet management system on higher trim levels fitted

with automatic air conditioning (the system cannot be offered on other versions as it requires power-driven air inlet valves).

However, any Renault, Dacia or Renault Samsung Motors customer whose vehicle is not initially fitted with a technical air treatment solution from the outset and requiring such a solution will be able to obtain this equipment through additional Renault after-sales service.

### Emissions from materials within the cabin

When the vehicle is stationary and exposed to sunlight, the presence of volatile chemical substance emissions from materials in the cabin may become overbearing when compared to the quality of the air outside. Renault has therefore set itself the objective of managing these emissions in order to minimize their impact on passenger health and comfort.

Thus, since 2009, all materials within all internal vehicle parts (cabin and trunk) whose total weight within the vehicle is over 100 grams have been subject to specifications deployed to all relevant suppliers, in an effort to manage emissions levels from the main categories of volatile organic compounds.

Based on these requirements, in 2017 the Alliance harmonized its processes by developing shared standards for Renault and Nissan.

Renault also ensures that any odors caused by the main contributors to the vehicle's atmosphere are limited. This is assessed by a panel of experts who are specifically trained in Renault's own methods, based on olfactory descriptors and an understanding of odor levels as set out by the methods of IAP-Sentic®, a consultancy firm specializing in odors (and a subsidiary of the Burgeap group).

## 2.6.3.5 Soil and water tables

### TOTAL SURFACE AREA FOR SITES AND IMPERVIOUS AREAS

	2017	2016	Change over 1 year
Total surface area (in ha)	4,071	4,069	0.05%
Impervious areas (in ha)	1,904	1,877	1.49%
Impervious areas (as a % of the total surface area)	46.8%	46.1%	1.44%



Soil and water tables are environments that can potentially allow pollution from past activities to come into contact with targets to be protected (humans, natural environments, etc.). Renault has therefore implemented a policy to prevent pollution of these environments and, when past pollution is suspected, implements specific management strategies. This policy is applied to all Group facilities presenting a potential pollution risk, *i.e.*, operational industrial facilities, former industrial facilities reconverted to other uses, as well as the Renault Retail Group (RRG) commercial network. Renault aims to maintain in-house skills in prevention of soil pollution and remediation.

In 2017, the production plants, as well as the main engineering, logistics and head office sites of Groupe Renault (consolidated environmental scope), represented a total area of 4,071 hectares, of which 46.8% are impervious surfaces such as buildings, parking lots, roads, and paths. Total surface area and the proportion of impervious surfaces did not change significantly from the previous year, at constant scope.

## Prevention



The prevention policy at industrial sites is based on three key tools. A risk-rating grid is used to assess the level of pollution prevention and reinforce it if necessary by prioritizing required rehabilitation work. In the case of new production facilities, the soil prevention guide describes the best techniques to implement in each type of facility. Both of these tools are in use across all Renault industrial sites worldwide. The

prevention policy ultimately relies on monitoring of the quality of groundwater. This monitoring, which is carried out systematically when regulations so require (all industrial sites in France), is also carried out voluntarily by Renault when potential sources of pollution are identified, to spot any movement of pollutants to sensitive areas and to take appropriate measures as early as possible.



Since 2011, all sites in the RRG commercial network have been equipped with pollution prevention tools, and oil and fuel are now stored above ground or in double-wall tanks fitted with alarms and retention tanks. Priority preventative actions, such as neutralization or replacement of single-wall underground tanks with aboveground or double-wall storage tanks, were completed in the European RRG network in 2013.

## Remediation



The management of past subsoil pollution hinges on a risk assessment based on the source-vector-target concept and aims to ensure the suitability of the subsoil for the planned or identified uses. There are several stages to the pollution management system:

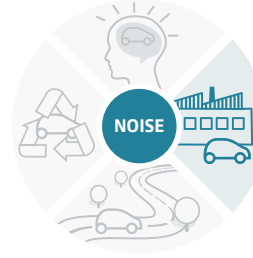
- historic and documentary study, including an analysis of the site's vulnerability, has been carried out for operational industrial sites, former industrial sites converted to other uses and the RRG Commercial Network. It is updated as necessary. This study enables the identification of potential sources of pollution and the evaluation of the vulnerability level at the facility and in its immediate surroundings;
- a physical diagnostic of soils is carried out on-site depending on the results of historic and documentary research;
- if the diagnostic confirms the presence of pollution sources, a quantitative evaluation of the health risks is performed in order to assess the exposure risk for site users and the immediate surroundings (workers, residents, school children, etc.);
- remediation operations may be started depending on the results of the two preceding steps. These operations are carried out by specialized service providers with recognized expertise, under the supervision of the Renault soil specialist.



RRG uses the same assessment method to clean contaminated soils on former oil and fuel storage sites, even when this contamination is due to the former owner. Between 2008 and end-2017, remediation work was undertaken at 23 sites.

### 2.6.3.6 Noise

## Manufacturing



Noise is a complex subject that involves a wide range of factors such as type and power of noise sources by octave band, directivity, the impact of buildings, topography of locations, weather etc. For the comfort of residents living near its production facilities, Renault is making active efforts to limit and reduce noise pollution from its activities by working to control "noise" at both existing and new facilities. We aim to do this both by selecting high-performance materials with this goal in mind, and by implementing soundproofing measures. These measures are focused on all types of extraction chimneys, boilers, metal drops and logistics-related activities, which generally constitute the main sources of external noise across our industrial sites.

### Vehicle use



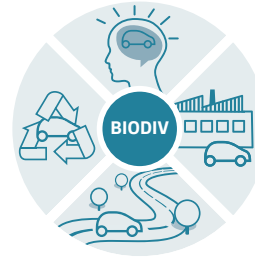
All ICE vehicles marketed by Renault in Europe in 2017 generate a maximum external noise of 74 dBA during driving <sup>(1)</sup>, in accordance with the regulations applicable to vehicles certified prior to July 2016. The majority also comply with the new 72 dBA limit imposed by European regulation 540/2014/EC, even though this limit only applies to models certified since July 2016. However, the Group's engineers

are already preparing phases 2 and 3 of the implementation of this regulation, which will lower the level of external noise authorized for most passenger cars to 70 dBA in 2022 (2020 for New Types) and 68 dBA in 2026 (2024 for New Types) by working to improve engine sound insulation and install additional absorbers in the wheel arches (to absorb driving noise) and underbody fairings.

With a measured noise level of between 68 and 70.5 dBA according to the old measurement standard and less than 68 dBA according to the new standard, Renault range electric vehicles meet the external noise limits applicable starting in 2026 ten years in advance, thus contributing to the reduction of ambient noise and the quality of life in urban areas. In addition, they produce a net improvement in users' acoustic comfort: the noise inside an electric vehicle is approximately 10 dBA lower than that of an internal combustion engine vehicle.

At the international level, the standards applicable to external noise of vehicles are most often inspired by European standards and adopted a few years later. The vehicles marketed by Groupe Renault outside Europe, which have noise levels comparable to their European versions, therefore often anticipate locally applicable noise standards by several years.

### 2.6.3.7 Biodiversity



Protecting the biodiversity of species and ecosystems requires specific measures such as protecting habitats and combating the overexploitation of species, as well as reducing polluting emissions into ecosystems (water, air and soil). Renault's continuous efforts to mitigate the environmental impact of its activities and products (see previous sections) help to combat ecosystem depletion in this way.

Renault also takes special measures to protect biodiversity. Industrial projects involving the construction or extension of plants are assessed to measure their impact on surrounding ecosystems. On the Tangiers site inaugurated in 2012, a study was carried out on the impact of the planting of more than 5,000 trees between 2014 and 2015 in order to prevent soil erosion related to rainwater run-off on pervious areas of the site and the associated negative impacts on biodiversity. In Brazil, Renault, with the agreement of the local authorities, established a plan in 2008 to protect and manage biodiversity on part of the land acquired for its industrial site in Curitiba. Out of a total area of 2.5 million m<sup>2</sup>, 60% is devoted to the conservation of an area of virgin forest. This virgin forest, made up mainly of araucaria trees, a species of pine threatened with extinction and protected under Brazilian law, is home to more than 170 species of animal.

(1) With the exception of the MASTER VAN, which due to its payload and power is classified under a different category to the rest of the range, subject to specific external noise limits.

## 2.7 HEALTH PROTECTION

In a proactive approach to health and safety, Groupe Renault is working to:

- improve working conditions for Group employees, protect their health, safety and well-being (see section 2.4.3.1);
- include, in the environmental policy, air quality factors for manufacturing and vehicle use (see section 2.6.3.5);

- ensure the safety of motorists and other road users, and more generally, help to reduce the death toll on the roads (see section 2.7.1);
- protect the health of consumers and workers using a substance risk management policy (see section 2.7.2).

### 2.7.1 Road safety

Road safety is a real public health issue throughout the world. All continents are affected. According to the World Health Organization (WHO), some 1.3 million people are killed and between 20 and 50 million injured on the world's roads each year. Unless concerted and effective action is taken, the WHO predicts that road accidents will become the seventh largest cause of death by 2030. Renault, a carmaker that designs, manufactures and distributes cars throughout the world, makes road safety one of the core concepts of its corporate social responsibility policy.

Group Renault's international expansion must be accompanied by the design of vehicles meeting regulations and security requirements in these new markets. The causes of accidents and injuries in these new Regions differ from the European market, so Renault is expanding its accident research beyond Europe, transferring its own know-how and gaining expertise from local laboratories and universities, and other key players in road safety.

In order to fully assume its responsibilities, Renault has made a two-fold commitment:

- through its products: based on an analysis of observed risks, it incorporates solutions and innovations into all its design, manufacturing and marketing processes in order to protect vehicle occupants and others exposed to road risks (pedestrians, cyclists, etc.);
- within society: it participates actively with governments and civil society throughout the world to help improve road safety. Both alone and in collaboration with other organizations, Renault works to raise awareness of road safety and facilitate transfer of skills among road users and road safety stakeholders.

#### 2.7.1.1 Renault's road safety policy

Renault's systemic vision integrates the specific nature of each country, in order to take into account elements other than vehicles and vehicle technologies. These elements include in particular road infrastructure, current legislation and its application, policies, and road user training and awareness levels. Accordingly, alone or in partnerships, Renault works to implement the measures best suited to a country's level of maturity.

Renault's road safety policy and actions are based on a five-pronged approach:



RAISE AWARENESS

**RAISE AWARENESS**

Changing the behavior of all stakeholders (public authorities, parents, drivers, children) over the long-term and educating people from the earliest age to the dangers of the road, are key weapons in the battle to improve road safety.



PREVENT

**PREVENT**

Prevention involves helping drivers to anticipate risks. Part of the solution consists of helping the driver by assisting with the driving task (driving aids). The remainder lies in encouraging more responsible driving. Drivers need to understand the limits beyond which they will be incapable of controlling their vehicles, and the situations in which they are putting themselves at risk.



CORRECT

**CORRECT**

The quality of road handling and braking constitutes the fundamental dynamics of the vehicle. They are fundamental to avoiding accidents. Nevertheless, there are situations where technology should intervene to compensate for driver error. This is the purpose of these active safety systems. They intervene in difficult or emergency conditions; however, they do not do entirely replace the driver.



PROTECT

**PROTECT**

A top priority of Renault's road safety strategy is to protect the car's occupants according to the nature and severity of the impact, regardless of their age, size or location in the vehicle, in small and large cars alike. Renault exceeds Euro NCAP standards by also equipping the rear seats of its vehicles with systems to provide optimal passenger protection. The protection of other road users (pedestrians, cyclists, etc.) is also taken into account.



RESCUE

**RESCUE**

Renault collaborates with French and foreign emergency services to optimize help for accident casualties. These services receive guides explaining how to perform rescue operations on Renault vehicles. They are also provided with late-model vehicles on which they can practice victim extraction methods. Innovative modifications are applied to the brand's vehicles to ensure that emergency firefighter interventions are safer and more effective.

**Raise awareness**

RAISE AWARENESS

"Your Ideas, Your Initiatives". The 2016-2017 competition provided a showcase for 83 very well-developed initiatives, put forward by 1,700 students from 14 countries including Argentina, Brazil, Colombia, Mexico, Russia, Ukraine, China, Malaysia, Turkey, Lebanon, Iran, India, South Africa and Spain.

Because it is important to learn the right habits from an early age, and as children are also road users, Renault continued its "Safety and Mobility for All" international road safety program during the 2016-2017 school year, based on its expertise in automotive safety.

This educational program was launched in 2000 and is aimed primarily at children and teenagers. Currently running in around 10 countries, it is the biggest road safety awareness campaign in the world ever organized by a carmaker. Teaching kits are available in paper format and also as tablet applications. A serious game offers three missions and numerous scenarios to raise the awareness of children between the ages of seven and eleven on road safety and sustainable mobility. Download links can be accessed free-of-charge from the program's teaching resource center ([www.securite-mobilite-pour-tous.com/resources](http://www.securite-mobilite-pour-tous.com/resources)).

The "Safety and Mobility for All" program incorporates the themes of environmental protection and eco-mobility. It targets elementary and middle-school children, who can take an active role in their own safety and mobility by participating in the national and international competition

**COMMITMENT IN SERBIA**

During the 2012-2013 "Your Ideas Your Initiatives" competition, Serbia set itself apart within its "Don't Drink, Love Life" project. Students of the Zumun-Belgrade Road Traffic Technical College, with great support from their teacher, organized a series of conferences, theatre performances and a short film on the dangers of drink driving. Following the success of their entry, Renault Serbia has launched a series of initiatives with the Serbian government with a view to launching the "Safety and Mobility for All" Program nationally, in the most accident-prone areas. The determination of the stakeholders involved, including Renault, teachers and the government, secured the program's roll-out, despite delays caused by political changes. The Serbian "Safety and Mobility for All" program was thus officially launched in Belgrade on November 22, 2017, in the presence of the Deputy Education Minister.



## Global road safety partnership



The GRSP is an NGO supported by the International Federation of Red Cross and Red Crescent Societies, combining government agencies, private-sector entities and civil society, that work together to help emerging countries develop their own road safety capabilities, implement best practices, and set up the multi-sector partnerships needed to effectively promote road safety. [www.grsproadsafety.org](http://www.grsproadsafety.org).

In 2017, the GRSP worked in 40 countries worldwide, through extensive national voluntary networks.

In 2017, Renault continued to support the actions of the GRSP at corporate level, but also on the ground in the target countries through its decentralized Engineering departments and commercial subsidiaries.

Groupe Renault has partnered with the French Driving School ECF (École de Conduite Française) and digital economy experts to build an application called The Good Drive (TGD). TGD is available in Android and Apple iOS versions that allow you to transform a smartphone or tablet into a controller (steering, braking, acceleration, visual controls, rear-view mirrors and turn signals) with an image that appears on the screen of a computer connected via WiFi. This serious game is also compatible with next-generation game consoles.

This threefold innovation is a present-day response to the problem of driver license accessibility that strongly affects disadvantaged groups in society.

The Good Drive has now been rolled out to the majority of the ECF driving school network in France, and is being marketed through adapted versions for other countries. An agreement has been signed with the German press group that holds "code Rousseau" highway code rights in France, with a view to a rollout in Germany, Switzerland and Austria: this process is scheduled to begin in these countries at the end of 2018. Talks are also underway in Belgium and the United Kingdom.

## Master in road safety management (Manser)

To help road safety actors develop their own know-how, using global best practices and taking regional characteristics into account, Renault has co-developed a master's degree in "road safety management" (MANSER) for the Middle East and North Africa, where road risk is particularly acute. The objective is to produce national and regional managers and experts capable of creating and coordinating road safety policies in their countries. Since it was launched in 2012, the program has enabled 51 students (some of whom receive financial aid) to take the 18-month course of theoretical and practical instruction. Since the creation of the Manser, 33 scholarship students have graduated.

This effort in the field of passive safety will therefore continue over the coming years, particularly supporting the tightening of rules for consumer testing around the world.

While efforts in passive safety undertaken by the entire automotive industry have enabled extremely significant improvements to be achieved in terms of reducing the road death toll, recent technological advances, complementing public policy, have heralded a new and very promising area of progress, meaning that it is no longer a case of limiting the consequences of an accident, but rather, of reducing their severity, or even, avoiding them altogether. This is where primary road safety comes into play, with ADAS (Advanced driver assistance systems). These ADAS are taking corrective action on the driver's behalf and in his or her place. These systems, the most typical today being Automatic Emergency Braking (AEB), will be able to deal with one of the recognized causes of accidents, i.e., driver error due to inattention. Renault does not claim to be a pioneer in this field of development, which, due to the cost of these systems, mainly features in the high-end market. Nevertheless, the Group wants to make them accessible to a wider public, while working to integrate them in our vehicles. Other ADAS, however, are now well entrenched in Renault's lineage (Renault was one of the pioneers of the speed-limiter in Europe). These include the over-speed warning, combined with the speed-limiter, head-up display of driving information, automatic switching of main-beam/dipped-beam headlamps, lane departure warning, blind spot warning and safe distance alert.

## Prevention, correction, protection



PREVENT



CORRECT



PROTECT

Renault has played an active part in road safety for more than 50 years, long before it became the familiar media topic we know today.

This commitment to automotive safety has been substantiated by the attainment, 21 times over, of the maximum 5-star rating in Euro NCAP tests, having been the first carmaker to do so in 2001 (with the Laguna 2). The in-depth knowledge of accident and injury mechanisms developed through LAB (the Renault-PSA Peugeot Citroën Accidentology and Biomechanics Laboratory) research, has furnished Renault with an ambitious and pertinent vision of the steps needed to improve road safety. In addition to the results of consumer tests, Renault investigated areas which it deemed crucial to reducing injury risk during accidents, such as submarining and compatibility.

The New ESPACE is the first in its range to feature these new functions, which are already to be found in other CMF1 vehicles, namely the KADJAR, the TALISMAN and the MEGANE IV. The preparation of new systems is underway, benefiting from the very rapid progress in the development of sensors and onboard electronics. In 2016, SCENIC unveiled a new generation of even more powerful ADAS systems, including Automatic Emergency Braking with pedestrian detection. This will feature in the vast majority of our future products, including less-premium range over the coming months.

## Rescue



RESCUE

In 2012 Renault became the official partner of the French National Federation of Fire and Rescue Services (Fédération Nationale des Sapeurs-Pompiers de France or FNSPF), thereby rubber-stamping the long-lasting relationship that exists between these two major players in sustainable mobility.

In September 2015, Groupe Renault renewed its commitment and support to the Federation to work together in general interest missions carried out by the FNSPF and the French Fire and Rescue Services in terms of vehicle security, passenger safety and road prevention.

This support confirms Renault's commitment to the French fire service. In addition to numerous technical and R&D collaborations, which take into account the new technological risks and include vehicle extrication and fire extinguishing tests on vehicles that use new energy sources, Renault regularly donates latest-generation vehicles for training the fire service in highway rescue.

The implemented strategy focuses on four factors:

- improving firefighters' knowledge of the Group's vehicles;
- acknowledgment of constraints experienced by firefighters during their work by engineers and designers working on new products;
- implementation of research and innovation projects;
- technical modification to vehicles.

For each new model in the range, intervention manuals for the brand's electric vehicles are also made available to emergency services, as well as decision support sheets, to be used in the event of a fire or where extrication is needed. These documents are created in conjunction with emergency services so as to best address their real needs.

Emergency services needs are taken into account from the design stage of vehicles. By way of example, the fireman access already built into the ZOE, ZOE Long Range and KANGOO Z.E. Long Range, will be included in future EVs and Hybrids in the range. The system enables firefighters to quickly and easily extinguish a Li-ion battery fire. The Rescue Code also provides firefighters with another tool enabling them to act more quickly, effectively and safely when carrying out an extrication.

New measures were implemented in 2017, including:

- roll-out of fireman access on the ZOE Long Range and KANGOO Z.E. Long Range; positioning of and access to fireman access and plug service undergoing research for future EVs and hybrid vehicles in the Renault range;
- a partnership agreement was signed by the DRSE and the Departmental Fire and Rescue Service (SDIS – Service départementale d'incendie et de secours) in French department 78, to reinforce measures in place to improve the work of the emergency services;
- organization of the annual Renault Tertiary Road Safety Seminar at the Technocentre, attended by 300 firefighters and Renault engineers. Technical discussions with the Engineering business activities, and an interactive session to validate the Alpine decision support sheet;

- a number of educational films have been produced with the SDIS for French departments 78 and 86, aimed at professionals and the general public;
- participation in various French emergency/rescue trade fairs in 2017;
- continuation of the QUO VADIS research project, partly financed by the Road Safety Foundation in collaboration with the APHP, SDIS in departments 78 and 63, the BSPP and the SAMU in French departments 78, 63 and 75. This project aims to provide firefighters with new criteria - garnered from deformation to vehicles involved in accidents - in order to estimate the probability of victim injuries. Seven new decision support sheets were produced for new vehicles in the Renault, Dacia and Alpine ranges. 591 internal combustion engine and electric light commercial vehicles, some intact and some from crash testing, were donated to emergency services to help improve their training in extricating people from vehicles;
- training measures have also been taken:
  - in France, 500 firefighters attended the road safety training organized by two SDIS (departments 17 and 86), and training sessions on dealing with vehicles that use alternative energies,
  - internationally, with annual extrication training sessions held by Weber Rescue in Germany and Portugal, or during firefighter training for dealing with new-generation or new-energy vehicles in Croatia, Serbia, Morocco and Italy.

### 2.7.1.2 Integrating new technologies

The vehicle of the future will be zero emission, communicative and driverless.

The communicating vehicle will be connected with other vehicles, with the road and with the environment. Vehicles will share information regarding their location, speed and expected itinerary, etc. They will also act as sensors for other vehicles, indicating traffic, road issues, etc. The information obtained will be used first and foremost to provide safety services (incident warnings for onward route, roads or areas with specific hazards, etc.) as well as traffic services (congestion, alternative real-time itineraries, etc.).

The driverless vehicle will be introduced gradually, initially, with partial or conditional autonomy, depending on the driving situations envisaged.

Of course, one of the greatest challenges is ensuring the safety of all users on a road system that is growing increasingly connected and automated. To this end, Renault is working in-house and in conjunction with Nissan, VeDeCom, the scientific community and industrial partners, as well as the public authorities, on all aspects of safety:

- operational reliability;
- overall product safety;
- compliance with regulations (technical aspects and traffic laws);
- compliance with the European declaration of principles regarding the human/machine interface;
- creation of international standards and norms;
- definition of a use case for connectivity and automation services compatible with foreseeable or predictable modes of use, particularly regarding the potential distraction effects;
- compliance with the provisions regarding the recording of personal data.

The goal is to demonstrate this safety through six types of testing, to test and validate the performance and safety of the services and associated technical solutions:

- basic operational tests using test facilities and simulations;
- operational tests on test tracks;
- operational tests on open roads with escort vehicles;
- service tests on authorized open roads;
- large-scale service tests on authorized open roads;
- pre-commercialization pilot tests.

The connected vehicle is already a reality with the roll-out of 1,000 Renault vehicles as part of the collaborative SCOOP@F project. Partially automated vehicles with simple initial cases of use will take their place in the Renault range before 2020.

### 2.7.1.3 Overall product safety

In terms of general product safety, Renault has defined a general policy to be followed, based on:

- a reference database of customer events considered by Renault to be potentially safety-related. These events are addressed systematically during visits to dealerships or, by a recall. This system is updated regularly;
- a structure with general product safety representatives in each of the large entities involved in product safety, under the authority of an expert leader;
- the creation of safety documentation for each project ("demonstration of safety risk control" documentation), covering engineering, manufacture, sales and after-sales. This documentation is created and validated according to specific rules and processes and signed by the chief engineer of the relevant project and by the Renault leader expert in product operational safety and general safety;
- the establishment and introduction of training/awareness-raising sessions for relevant Renault employees.

### 2.7.1.4 Employee safety

Renault is particularly focused on road accident risk prevention and especially on employee training. Campaigns to inform and train staff are constantly being undertaken, on topics such as communication, road safety week, defensive driving courses, as well as a forthcoming e-learning training and awareness-raising campaign on road accident risks.

The prevention of employee accidents during commuting and business travel is part and parcel of the overall road risk prevention effort, which was launched by Renault many years ago. In France, Renault is a signatory of the road safety Charter (October 11, 2016), thereby confirming the Company's commitment to the fight against poor road safety. In this respect, the Company has initiated a series of campaigns for Group employees internationally, throughout its engineering, manufacturing and sales operations. Specifically, it has updated and widely circulated the Groupe Renault Drivers' Charter, which is focused on three main areas: "I plan my journeys", "I adhere scrupulously to all good driving rules", and "I am a responsible driver."

Renault also leads long-term communication and awareness-raising campaigns throughout the Group, as evidenced by:

- the implementation of employee awareness-raising campaigns led by prevention, health and safety engineers, occupational physicians and professionals in the field of road hazard prevention. During the United Nations Global Road Safety Week in May 2017, a number of concrete awareness-raising initiatives were undertaken in various countries.

An e-learning road safety training and awareness-raising module will be rolled out in 2018, with a view to reaching a large number of employees rapidly. This module will support and empower employees during their business travel and commuting.

## 2.7.2 Substance risk management

Environmental objectives	Objective set	Deadline	Status as of year-end 2017
Manufacturing and product	Reduce the number of hazardous chemicals <sup>(1)</sup> used on Group sites by 20% between 2016 and 2022 (-68% between 2010 and 2022)	2016 2022	Reduction of 14% between 2016 and 2017 (-66% between 2010 and 2017)

(1) Chemical products classified as "Priority 1" (PR1) by Renault for replacement. This category includes products containing category 1a/1b CMR (carcinogenic, mutagenic and reprotoxic) substances, or substances listed in Appendix XIV and XVII of the European REACH regulations in concentrations higher than the thresholds defined by Renault standard 00-10-050 on prohibited or restricted substances (see below).

To safeguard the health of workers and consumers, and to protect ecosystems, national and European legislators have imposed restrictions on the use of hazardous substances in the workplace and in products. In the European Union, the introduction of the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation in 2007 heightened awareness of chemical risks and prompted an increase in the number of restrictions and usage precautions. A number of countries worldwide have since followed the European Union with similar regulations.

Renault has an organizational structure dedicated to managing hazardous substances, with three divisions:

- in collaboration with the departments responsible for occupational health and working conditions, the Industrial Hygiene and Chemical Risks division manages workers' exposure to chemical risks at all Renault production, engineering and logistics sites around the world. It monitors the chemicals present in the formulations and verifies the classification and labeling of the chemical products used on site and also ensures compliance with the Product Safety Data Sheets provided by suppliers. In addition, the division coordinates research into technical solutions to eliminate priority hazardous substances. It provides an initial assessment of the chemical risk in accordance with generic use conditions. Finally, it carries out monitoring work on chemicals within the environment through the collection of samples and the analysis of the pollutants present at workstations. This expert division was created in the 1960s;
- the Materials Engineering division monitors substances contained in vehicles based on information declared by suppliers using the IMDS system, shared with 35 international carmakers. The division coordinates research into technical solutions to eliminate priority hazardous substances;
- the after-sales Regulatory Compliance division checks with suppliers that parts, accessories and other products sold by after-sales teams comply with applicable regulations and make any substitutions, if required.

The REACH regulation is incorporated in the Company's day-to-day operations. A multidisciplinary REACH Substance Management team is in charge of driving the appropriate processes and information systems,

which enable the Company to fulfill the information and transparency obligations required by REACH. The team, which works with a network of around 50 correspondents across Europe and maintains a dialog with counterparts inside and outside the Alliance, identifies and steers the work necessary to achieve compliance by the approximately 100 entities concerned in Europe, to anticipate the risks of failure ahead of the supply chain, and to develop ideas for turning a regulatory constraint into an economic and competitive opportunity.

As part of a preventive and pre-emptive approach, since the 1960s, Renault has been replacing toxic substances found in the chemicals used at its plants and, since the early 2000s, those found in materials used. Renault has drawn up two lists of substances prioritized for replacement, for chemicals and materials respectively, which comprise, in particular, CMR (carcinogenic, mutagenic and reprotoxic) substances, substances of very high concern and subject to prior authorization (Appendix XIV of the REACH regulations), as well as substances whose use is not yet restricted, but which Renault would like to see banned at a global level.

These two lists are respectively described in two separate standards: the Groupe Renault "Substances" 00-10-050 standard for industrial chemicals, and RNES 0027, jointly used by the Renault-Nissan Alliance for automotive spare parts. These standards prohibit the use of hazardous substances and substances of concern, list substances for which substitution is a priority, and require suppliers to declare the substances used in their parts and preparations. In calls for tenders, Renault explicitly asks suppliers to comply with these standards. Their application is enforced by each of the competent divisions.

In line with regulations, Renault adheres to a policy of transparency towards its professional and private customers.

In addition to standard substances and those with identified risks, Renault pays close attention to the potential health effects of innovative materials, such as nanomaterials. In this respect, in 2015 Renault teamed up with the NanoRESP Forum, which proposes an open, non-polemical but critical debate on nanotechnologies and nanomaterials. This collaborative approach, involving manufacturers, distributors, users and consumers of "nanoproducts", provides an arena for discussion of their uses, benefits and risks in comparison with existing alternatives.

## 2.8 SUPPORTING LOCAL COMMUNITIES WHEREVER WE OPERATE

### 2.8.1 Renault, an active participant in the economic growth and development of its operating regions

Renault is a major contributor to economic development and plays a role in the social development of the regions in which it operates.

For Groupe Renault, this means identifying the needs and expectations of its surrounding stakeholders (see section 2.1.6), meeting these as far as possible through its core business, and the introduction of innovative solutions.

#### 2.8.1.1 An active participant through its core business activities

With a few rare exceptions, it is impossible to truly isolate the Company's contributions within a complex and interdependent socioeconomic tissue. Beyond direct employment generated and the taxes paid by the Company, the other direct and indirect contributions and benefits are shared among the members of a network.

According to the figures published in 2017 by the European Automobile Manufacturer's Association (ACEA), the automotive industry in the EU28 supported 12.6 million jobs in 2015, 2.5 million of which were direct jobs. These figures are confirmed by the OICA (International Organization of Motor Vehicle Manufacturers) internationally. Direct employment includes automotive manufacturing, equipment and accessories, and coachbuilders. Indirect employment includes other manufacturing fields, vehicle sales, parts and accessories, maintenance, fuel, leasing and transportation, as well as construction and road maintenance and associated activities.

The ACEA also points out that, for the 14 European countries for which tax data is available, the automotive industry has generated annual tax revenue totaling €396 billion for governments (2012, 2014 or 2015 depending on the country). This includes VAT on vehicles, parts and accessories, taxes on fuel, and lubricants, registration, insurance, driver's licenses, road fees, tolls, etc.

#### 2.8.1.2 An active participant through its voluntary commitments

This societal component of Groupe Renault's CSR policy includes programs and projects implemented on three levels:

- strategically and globally, with coordinated management and implementation tailored to the environment by local representatives in subsidiaries;
- strategically and locally via subsidiaries and sites which adapt to specific challenges and expectations;
- on an ad hoc basis, in response to special requests from NGOs, charities and volunteer organizations.

Some examples:

- **The Training Institute for Automotive Industry Professions** (Institut de Formation aux Métiers de l'Industrie Automobile, IFMIA-TM) in **Tangiers, Morocco**, was created following a public-private partnership between the Moroccan State and Renault (a first in Morocco for this type of project) and operates under the National Pact for Industrial Emergence. Funded by the Moroccan State, it was set up by Renault Tangiers, which now ensures delegated management to provide a public training service for the automotive professions.

This center has provided training for all employees of Renault Tangiers and a significant portion of employees at the Casablanca Plant and at Renault Commerce.

Since it began operations in April 2011, IFMIA-TM has trained more than 13,900 individuals, delivering more than 1,800,000 training hours.

Through its Maintenance, Manufacturing, Logistics and Lean-Manufacturing schools, IFMIA-TM has provided training and support services for Renault in Morocco, France, Algeria and Colombia.

In addition to its training role for Renault, IFMIA-TM also provides training and support for employees of around 30 partner companies and, since 2014, participates in the Moroccan Professional Bac project, thereby playing a part in developing young people's skills and employability.

IFMIA-TM operates according to Renault standards. In this respect, it is ISO 9001 and ISO 14001 certified. It is also set up to be financially independent.

- In France, in June 2014 the Company made a commitment alongside the French State and local authorities by signing the Company and Neighborhoods Charter, thereby undertaking to work closely with public authorities to deliver concrete solutions to the economic, social and cultural development issues in priority neighborhoods, in line with city policies. In addition to the Charter, Renault signed an agreement detailing its commitments in the following areas:

- education and vocational guidance. Through the Elles Bougent organization, Renault has committed to expanding its network of female engineers and technicians who encourage young female high school and university students to enter the engineering and transportation professions,
- employment, integration and training. (i) Under the terms of the framework agreement signed by Renault and the Ministry of Work, Employment, Professional Training and Social Dialog, the Group has committed to employing at its plants a number of young people experiencing difficulties in entering the workforce. Particular attention is paid to recruiting young people from priority neighborhoods near to our sites. (ii) Via its Société des Automobiles

Alpine subsidiary, Renault has taken part in the “50 chances, 50 jobs” (now “100 chances, 100 jobs”) program in the Dieppe region of France. Company managers coach young people in their employment search, thereby creating a bridge between them and the business world,

- access to the Company’s products and services. The Group is continuing its roll-out of Garages Renault Solidaires (see section 2.2.2.1), and is promoting the program to social partners on a national level in order to continually enhance its social impact.

In 2015, Renault signed the first local agreement with the Hauts-de-Seine department (92).

In 2016, six other local agreements were signed with the Essonne (91), Seine Maritime (76), Yvelines (78), Territoire de Belfort (90), Gironde (33) and Nord (59) departments.

The aim of these agreements - which are local versions of the commitments contained in the national agreement signed by Groupe Renault - is to pay particular attention to the priority neighborhoods defined in the Government’s city policy, and to contribute to the effectiveness of the city policy, through HR and CSR actions and projects developed by the Group.

## Groupe Renault foundations

Some Group subsidiaries now carry out their CSR activities within a foundation or similar structure. This not only strengthens CSR governance and strategy, but also demonstrates, from an internal and external standpoint, to the importance given to the identified issues. These foundations are locally funded and chaired by Renault’s Managing Director in the country, or the Company’s Chairman and Chief Executive Officer for the Company Foundation in France. Since 2009, the global CSR function is represented within the governance of each new Foundation.

The Foundations’ objective, as identified in the bylaws, encompasses all or part of the Group’s CSR priorities. The activities performed on behalf of the Foundations are primarily aimed at populations outside the Company, and range from the local to the international, depending on the country and the programs implemented. The activity reports are available directly on their web-sites.

Countries	Name	Year of creation	Principal activities	Scope of action	Annual budget
Argentina	Fundación Renault Argentina <a href="http://www.fundacionrenault.org.ar/">www.fundacionrenault.org.ar/</a>	1960	Education Environment Road user safety Health Local development	Local and regional	€145K
Brazil	Instituto Renault do Brasil <a href="http://www.renault.com.br/mais_renault/instituto-renault/">www.renault.com.br/mais_renault/instituto-renault/</a>	2010	Education Environment Road user safety Diversity Local development	Local and regional	€300K
Colombia	Fundación Renault Colombia	2014	Education Diversity Environment Road user safety	National	€111K
Spain	Fundación Renault España	1963	Education Sports	National – for employees’ children	€300K
	Fundación Renault para la Movilidad Sostenible <a href="http://www.fundacionrenaultmovilidadesostenible.com/">www.fundacionrenaultmovilidadesostenible.com/</a>	2012	Sustainable mobility	National	€150K
France	Fondation d’Entreprise Renault <a href="http://www.fondation.renault.com/">www.fondation.renault.com/</a>	2001	Education	International	€2.8M

### 2.8.1.3 An active participant through its philanthropic activities

There is still an important place for pure philanthropy – unconditional donations – through patronage actions taken by Renault to support local or international initiatives. They also play a role in cementing the position of the Group’s entities in local communities.

#### Renault s.a.s.

Renault is regularly approached by NGOs, charities, volunteer organizations and employees seeking support for projects in the areas of general interest, solidarity or good citizenship, in areas linked to the Group’s CSR policy. Since 2010, the Group has been using a standard procedure to collect and analyze these applications (both in France and internationally).

Midway through 2017, Renault developed its Philanthropy policy to be more closely aligned to the Group’s new CSR strategy. The policy now states that donations will be awarded in the context of the two major themes of Inclusion and Sustainable Mobility (as detailed in section 2.1). Although philanthropy is officially governed by the Foundation’s Board of Directors (section 2.5), committees have been set up by theme in order to vote on projects.

Renault began to implement its new philanthropy policy in the second half of 2017. Based on the principle of longer-term support, donations have been awarded primarily on the theme of lowering school drop-out rates, whereby the Group will support three charities for three years.

In 2017, Renault accordingly awarded donations of €283,000 euros, representing a 45% increase on 2016 (details of the projects is shown below under section 2.9.4.3.)

Other locally relevant requests can be paid for directly by the subsidiaries.

### Renault Retail Group

In 2003, RRG created a Social and Humanitarian Aid Fund (Fonds d'Aide Sociale et Humanitaire – FASH) following a collective agreement entered into with the Unions represented at RRG. The Fund is dedicated to awarding financial assistance both to RRG employees and to humanitarian NGOs. The FASH continues to provide help and support for **education, health, emergency food aid, aid to regain mobility, disability and the environment**. Nearly €140,000 was distributed in 2017 alone.

For example, RRG has made a long-term commitment (already over ten years) to sponsor children's access to high-quality, monitored and continuous education.

For many years, the FASH has been a contributor to the "€1 = 1 tree planted" project as part of a mission to develop communities in Madagascar in a way that benefits their environment. The NGO running the project is working with local stakeholders on reforestation projects that place people at the core of their missions.

RRG employees fully support the Social and Humanitarian Aid Fund, and receive regular updates on measures implemented and funds spent.



## 2.8.2 Calculating the impact of societal initiatives

To ensure its initiatives are coherent and in line with these themes, the corporate CSR department (DRSE) coordinates them at global level and relies on a network of representatives in the main departments and the Group's geographical Regions, as well as a cross-functional network of CSR correspondents in most countries in which Renault operates.

To maximize the contribution these societal initiatives make to addressing the Group's challenges, as defined in the CSR strategy, Renault aims to allocate 80% of its societal expenditure to the five themes listed above (Diversity, Education, Social business, Environment, and Road Safety). The remaining 20% are used to support needs in other areas as identified locally.

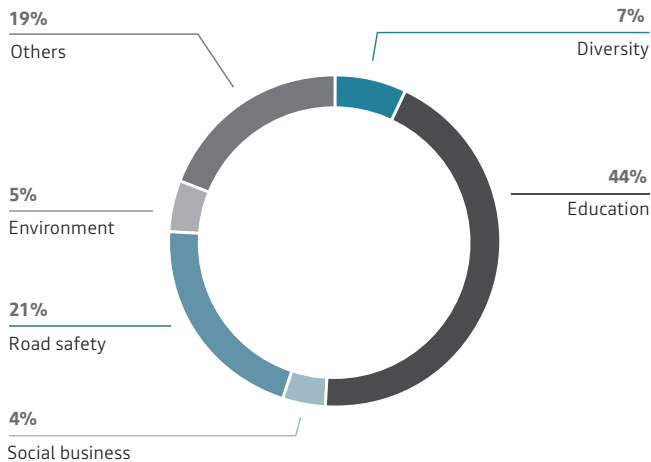
All information about these initiatives is fed back to the DRSE on an annual basis for centralized reporting. A detailed methodology can be found in section 2.9.3.1. as well as a description of the scope of reporting.

Selected key figures from 2017:

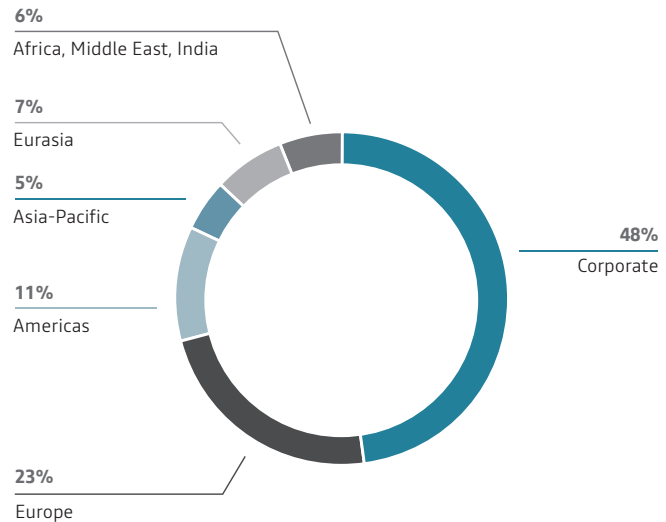
- more than 400 initiatives were identified in 30 countries, covering Renault's five geographical Regions;
- 80% of funds provided to these initiatives address one of the Group's main societal responsibility themes.

#### ● DISTRIBUTION OF INVESTMENTS WITH A SOCIETAL GOAL

##### BY PRIORITY THEME



##### BY REGION



# 2

## RENAULT: A RESPONSIBLE COMPANY

SUPPORTING LOCAL COMMUNITIES WHEREVER WE OPERATE

Renault's environmental policy, included as the fourth strand of CSR since 2014, is reflected in the core of its industrial strategy, its products and services (see 2.6). The actions referred to here are campaigns to raise awareness of environmental issues and local initiatives close to sites.

### BREAKDOWN OF SOCIETAL INVESTMENTS BY PRIORITY THEME AND BY GEOGRAPHIC REGION

Theme	No. of actions	Region						Total
		Corporate	Europe Region	Americas	Asia-Pacific	Eurasia	Africa - Middle East - India	
Total	409	5,137,830	2,464,394	1,197,487	533,294	824,942	615,313	10,773,259
Diversity	92	399,400	238,393	60,427	0	39,718	4,000	741,938
Education	80	3,175,100	268,262	258,871	363,360	515,554	152,300	4,733,447
Social business	10	141,760	34,400	234,598	0	0	0	410,758
Road user safety	60	1,172,680	227,445	452,443	133,057	11,010	247,600	2,244,235
Environment	41	219,890	132,142	109,127	18,597	24,190	23,000	526,946
Other	126	29,000	1,563,752	82,020	18,280	234,470	188,413	2,115,935



## 2.9 APPENDICES

### 2.9.1 Materiality appendices

#### 2.9.1.1. Objective and governance

In 2015, Groupe Renault conducted a materiality analysis with a specialized firm to identify and prioritize corporate social responsibility stakes that may affect its ability to generate value in the short and medium term. The matrix generated presents the challenges seen by Senior Management and the corresponding key functions compared to their positive or negative impact on the value creation for the Company and the level of importance given to them by all of its stakeholders.

At each stage, the deliverables were approved by a cross-functional Steering Committee (CSR, Environment, Strategy, Human Resources, Public Affairs, Legal, Finance, Audit and Risk Management, Ethics).

#### 2.9.1.2 Methodological approach

An *a priori* list of stakes was prepared on the basis of international criteria such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (S.A.SB), an industry benchmark (manufacturers and suppliers) and surveys and published studies. This list was then tailored to Renault's corporate culture to better reflect the organizational structure and vocabulary commonly used.

Based on a comprehensive review of the literature, the 30 stakes identified were pre-positioned in a nine-box matrix. An explanatory file accompanied each of the stakes to justify the pre-positioning. A series of meetings with the Group Executive Committee and with officers for the main functions concerned was then organized to challenge and review the initial version, followed by in-depth discussions with representatives of the primary stakeholders, which included employee representatives, consumer associations, an NGO, the automotive press, a sustainable development (SD) analyst, an international consortium of specialist SD companies, a supplier and a consultancy firm specializing in SD for the benefit of future generations.

The matrix was adjusted to include feedback from this series of interviews and submitted to the Steering Committee, the Risk and Internal Compliance Committee, and finally to the members of the Executive Committee for approval.

The table below details the content of each of the stakes identified:

CSR stakes	Description	Reference
EGR01. Business ethics and compliance	Prevention of corruption and unfair practices Compliance and regulatory anticipation	2.1.8 3.3.3
EGR02. Cyber security and data privacy	Protection of privacy and personal data Information security	2.3.5
EGR03. Stakeholder dialog	Responsible engagement with stakeholders (public authorities, NGOs, investors, etc.) Responsible lobbying	2.1.6
EGR04. corporate governance	Respect for corporate governance and transparency principles Risk management	2.1.4 3.1.4
EGR05. Supplier and dealer relations	Responsible relations with suppliers, subcontractors and the dealership network Responsible management of supply chain, supplier CSR audits	2.1.8 2.3.2
EGR06. Community and local development	Education, social involvement, job creation, payment of taxes, and skills development, investment/economic development	2.8
INC01. Products and services affordability	Range of vehicles, parts and services "for everyone" Social entrepreneurship (Mobiliz)	2.2.2
INC02. Employee health & safety and work environment	Health and well-being (management and performance), environment and work spaces, professional/private life balance (telecommuting, services to employees, collaborative tools, etc.)	2.4.3.1
INC03. Responsible management	Support employee engagement	2.4.3
INC04. Product and service physical accessibility	Consideration of reduced mobility and/or elderly persons in products and services Equipment/transformations for people with reduced mobility	2.2.3
INC05. Diversity and equal opportunities	Promotion of diversity and equal opportunity Relationships with schools, youth policy	2.4.2.1
INC06. Human rights	Respect and promotion of human rights throughout the value chain (Global Compact, ILO Declaration, IndustriAll global framework agreement)	2.4.4
INC07. Skills management	Dynamic skills management: GPEC, training, expertise, assessment and development Appeal and retention of talent	2.4.1.4
INC08. Compensation & Benefits	Compensation, benefits, incentive system	2.4.3.2
INC09. Philanthropy	Donations of any kind, skill-based sponsorship, partnerships	2.8.1.3
MOD01. Vehicle Carbon footprint (full life-cycle)	Reduction of CO <sub>2</sub> emissions from combustion engines (reduction, aerodynamics, downsizing, management of heat losses and friction) Reduction of CO <sub>2</sub> emissions related to manufacturing and logistics processes Reduction of carbon footprint of parts and materials purchased (supply chain) Large-scale marketing of electric vehicles and electrification of internal combustion engine vehicles Eco-driving (equipment and training)	2.6.3.1
MOD02. Vehicle Impacts on air quality	Reductions in pollutant emissions from internal combustion vehicles: NO <sub>x</sub> , SO <sub>x</sub> , particles Large-scale marketing of electric vehicles	2.6.3.4
MOD03. Vehicle safety	Driver assists, primary, secondary and tertiary safety equipment	2.7.1
MOD04. Resources management and circular economy	Decreased use of raw materials: design of vehicles that use materials sparingly, that are recyclable and recoverable, channels for end-of-life vehicles (collection, reuse, refurbishment of powertrain parts, recycling), inclusion of recycled materials Second life and recycling of electric vehicle batteries Control of exposure to material risk (rarity, conflict minerals)	2.6.3.2
MOD05. Connected and autonomous vehicles	Product innovation and service for connected and/or autonomous vehicles	2.2.1
MOD06. Road user safety	Training and awareness-raising Skills development	2.7.1
MOD07. Energy management (industrial sites and logistics)	Energy management in manufacturing processes: control of consumption, process optimization, energy efficiency, renewable energy Energy management in logistics: location, reduction of the number of trucks/containers, alternative methods of transport, driver training	2.6.3.1
MOD08. Passenger health	Management of chemical substances (REACH, SVHC, etc.) and anticipation of regulatory developments Cabin air quality	2.7.2 2.6.3.4
MOD09. Sustainable cities (including urban mobility and congestion) and Smart Mobility	Transportation and urban development (global and local), <i>Smart cities</i> , multimodality/modal shifts, urban logistics Shared mobility (collaborative mobility, car-sharing, carpooling, etc.)	2.2.1
MOD10. Industrial site Safety management	Prevention and management of industrial risks (fire, explosion), natural hazards (extreme weather events, earthquakes, etc.) and associated environmental damage (accidental pollution)	1.6.1.3 2.4.3.1 2.6.3
MOD11. Waste management	Industrial waste management (hazardous and non-hazardous): reduce, reuse, recycle, recover, remove	2.6.3.2
MOD12. Industrial sites impact on air quality	Reduction of emissions of atmospheric pollutants from industrial sites: VOC, SO <sub>2</sub> , NO <sub>x</sub>	2.6.3.4
MOD13. Water management	Management of water consumption and quality in manufacturing processes: reduce, reuse, recycle, minimize impact from discharges, control pollution risks Responsible management of water supply	2.6.3.3
MOD14. Biodiversity	Protection of biodiversity of species and ecosystems	2.6.3.7
MOD15. Vehicle noise	Management of noise emissions from vehicles	2.6.3.6

## 2.9.2 Appendices concerning social commitment

### GROUP SAVINGS AND COLLECTIVE RETIREMENT PLAN

Composition		Number of subscribers at December 31, 2017	Assets (€ million)	Perf. 2017 (in %)
<b>ACTIONS RENAULT FUNDS (GROUP SAVINGS PLAN)</b>				
Actions Renault <sup>(1)</sup> Fund <sup>(3)</sup>	Almost 100% Renault shares	27,990	398.2	-0.98
Renault Shares <sup>(2)</sup> Fund	Almost 100% Renault shares	6,251	84.1	-0.99
<b>DIVERSIFIED FUNDS (GROUP SAVINGS PLAN AND COLLECTIVE RETIREMENT SAVINGS PLAN)</b>				
Multipar Actions Soc Resp	100% euro zone shares	7,722	61.4	8.70
CMC CIC Perspective conviction Monde	0 to 40% cash or bonds 60 to 100% shares	3,462	11.2	9.95
jCMC CIC Perspective certitude	0 to 100% cash or bonds 0 to 100% OECD shares	3,317	9.2	2.62
Multipar Equilibre Soc Resp	50% shares 50% bonds	13,790	185.5	4.05
	30% diversified shares			
	30% bonds			
Renault Mobiliz Solidaire <sup>(3)</sup>	30% monetary			
	10% solidarity	4,373	14.1	6.56
Multipar Solidaire Oblig Soc Resp	90/95% monetary and bonds 5/10% solidarity securities	11,362	86.4	-0.21
Multipar Monétaire Soc.Responsable	100% monetary	15,489	66.5	-0.36
<b>BNP PARIBAS RETRAITE RESPONSABLE (PERCO) <sup>(3)</sup> <sup>(4)</sup></b>				
BNP Paribas retraite responsable 5	Diversified	654	5.2	1.02
2021	Diversified	754	7.4	1.32
2024	Diversified	620	5.0	2.15
2027	Diversified	449	3.4	4.55
2030	Diversified	433	2.8	6.48
2033	Diversified	365	1.8	7.83
2036	Diversified	297	1.4	9.33
Retraite responsable horizon	International shares	644	1.9	10.70

(1) Actions Renault FCPE mutual fund for French tax residents.

(2) Renault Shares FCPE mutual fund for tax residents outside France and Italy.

(3) Fund open for payments throughout the year.

(4) FCPE mutual fund whose maturity date corresponds to the planned date of the employee's departure.

## 2.9.3 Appendices concerning the environment

### 2.9.3.1 Methodological notes on a selection of product-related environmental indicators

#### Life-cycle assessment

Life-cycle analyses are carried out by Renault in accordance with the ISO 14040 and ISO 14044 standards. Renault uses the GaBi LCA (PE International) software and databases.

The life-cycle inventory describes all the elements that are taken into account in the life-cycle assessment of a vehicle. These data are related to life-cycle stages, the vehicle's manufacture, its recycling, taking into account its usage phase:

- raw materials and manufacturing: each vehicle is described in Renault's internal databases on the basis of the raw materials that are used in it. These data, coupled with those in the GaBi database, allow all phases of the extraction and processing of raw materials to be incorporated in the inventory. The data on the manufacturing of vehicles integrated in the life-cycle inventory comes from the annual environmental reporting for the industrial sites, which is subjected to verification by an Independent Third Party;
- Usage and maintenance phase: the usage phase is calculated over 10 years and 150,000 km. The certified emissions for the regulatory cycle are taken into consideration. Moreover, the impacts associated with the vehicles' energy consumption (diesel, gasoline or electricity) are calculated from "well to wheel", i.e., the emissions associated with the production and transport of the energy used are taken into account. In the usage phase, the maintenance activities performed throughout the life of the vehicle (tire changes, oil changes, brake fluid, etc.) are taken into account;
- end-of-life: emissions related to recycling processes are recognized. The recycling of materials from vehicles enables the use of virgin material and associated emissions to be avoided. The emissions avoided in this way are deducted from the carbon footprint.

All potential impacts are calculated using the GaBi software.

#### Carbon footprint

The purpose of determining Renault's carbon footprint is to measure and propel the reduction of greenhouse gas emissions in the Groupe Renault. The following methodologies have accordingly been chosen:

- the carbon footprint is compared to the number of vehicles sold;
- in the event of sales or acquisitions, the reference value (2010) is corrected to take into account or subtract the site's emissions at that date in order to measure changes in the Group's carbon footprint in relation to 2010 on a comparable scope of activity;
- if there is an update to the model in the GaBi tool used to calculate the greenhouse gas emissions associated with the materials and parts purchased (see above), the 2010 reference value is recalculated with the new database in order to measure the changes to the indicator on a comparable basis. This happened in 2015. In addition, to factor in the environmental performance of suppliers between model updates in the GaBi tool, a carbon performance factor of -2% per year is applied;
- the carbon footprint is calculated for a constant scope of emissions. When the scope is amended, the 2010 benchmark value is recalculated. In 2017, the calculation scope was extended to include: RRG, vehicles bought from and sold to partners, filling of air conditioning systems (for premises and vehicles), vehicle and engine testing and indirect emissions linked to purchased thermal energy.

The carbon footprint for Renault does not include a prospective dimension. The value retained for the carbon intensity of fuel and industrial processes is the one from the vehicle release year and doesn't vary during the lifecycle of the vehicle (10 years, 150,000 km).

The table below indicates the scope of emissions covered by the Renault Carbon Footprint indicator as well as the origin of the data used and the level of external verification applied. To facilitate understanding, the categories of the Renault Carbon Footprint are matched to those of the GreenHouse Gas Protocol.

GHG protocol categories	Renault carbon footprint category	Scope	Source of data
<b>SCOPE 1 DIRECT EMISSIONS</b>			
	Plants and other Renault sites	Worldwide Industrial, tertiary and logistics sites under the consolidated environmental scope. (see Appendix: Environmental indicators for the sites) Direct emissions from: Burning fuels, filling air conditioning systems on premises and procedures, filling air conditioning systems in manufactured vehicles, engine, gearbox and vehicle testing, and Company vehicles	Primary: annual reporting by the sites - via R2E
<b>SCOPE 2 INDIRECT EMISSIONS</b>			
	Plants and other Renault sites	Worldwide Industrial, tertiary and logistics sites under the consolidated environmental scope. (see Appendix: Environmental indicators for the sites) Indirect emissions from purchased electrical and thermal energy	Primary: annual reporting by the sites - via R2E
<b>SCOPE 3 OTHER RELATED EMISSIONS</b>			
Goods and services purchased	Materials	Worldwide "Cradle to gate" emissions related to the extraction of materials and fuels, to the transformation of materials into parts, and to the logistics between the extraction and the tier-1 supplier site, in relation to the number of vehicles sold.	Secondary: Thinkstep GaBi LCA database (Emissions from the production of materials, spare parts and required processing), Primary: Renault design database (composition of vehicles, recycled materials), summary of sales by country
	Vehicles	Worldwide Emissions linked to manufacturing of Renault vehicles in plants in which Renault does not hold a majority stake.	Primary: annual sales and production volumes for Groupe Renault vehicles
Logistics and supply (upstream)	Logistics	Worldwide Emissions from road, sea and rail transport of parts and materials.	Primary: reporting on logistics activities
Business travel	Travel	Worldwide Emissions generated by employee business travel (rail, air)	Primary: reporting from travel agent
Daily transport for employees	Travel	France Emissions from vehicles and public transport for employees commuting to and from work. Emissions prevented through homeworking are deducted.	Primary: information provided by employees
Logistics and distribution (downstream)	Logistics	Worldwide Emissions from road, sea and rail transport for manufactured vehicles	Primary: reporting on logistics activities
Sales and after-sales	Sales and after-sales	Direct and indirect emissions from the Renault sales network	Primary: annual reporting by Renault Retail Group sites Secondary: extrapolation for vehicles sold outside the RRG network
Use of products sold	Use	Worldwide All vehicles sold (passenger and light commercial) under Groupe Renault brands. "Tank-to-wheel" emission calculated for a life span of 10 years/150,000 km	Primary: certification data, technical definitions (for countries with no CO <sub>2</sub> certification), summary of sales for each country. Eco-driving aids: efficiency of eco-driving aid technologies calculated on the basis of internal studies, equipment rate for vehicles sold calculated using engineering data
End-of-life processing of products sold	End-of-life	Worldwide Emissions linked to the end of vehicle life. The Recycling of materials from vehicles enables to avoid the use of virgin material and associated emissions. The emissions avoided like this are subtracted from the carbon footprint. End-of-life vehicle processing follows the requirements of the ISO 22628 standard, not the actual recyclability and recovery rate of each vehicle. (85% recyclability and 95% recovery).	Primary: Renault design database (material composition of vehicles), summary of sales by country Secondary: Thinkstep Gabi LCA database (carbon intensity of manufacturing of associated materials, parts and treatments)
Leased vehicles (downstream)	Use	Included in the category "Use of products sold" (vehicles under a leasing contract with or without a purchase option)	
Scope 3 Greenhouse Gas protocol emissions not included in the Renault Carbon Footprint		Capital goods; Fuel and energy not included in scopes 1 and 2; Waste generated; Leased assets (upstream); Franchises, investments; Transformation of products sold (not significant)	
<b>OTHER INDIRECT EMISSIONS RECORDED AS PART OF RENAULT'S CARBON FOOTPRINT (EXCLUDING GREENHOUSE GAS PROTOCOL CATEGORIES)</b>			
	Fuel	"Well-to tank" emissions linked to the production of energy consumed by vehicles sold (extraction of oil, transport, refining; production of electricity consumed by electric vehicles) calculated for a 10-year/150,000 km life span.	Primary: CO <sub>2</sub> data based on CO <sub>2</sub> emissions during vehicle use (certified data), fuel type used/geographic or country plate Secondary: JEC report for "well-to-tank" CO <sub>2</sub> emissions in accordance with "tank-to-wheel" CO <sub>2</sub> updated annually.

### 2.9.3.2 Method used for the “Site environmental indicators in 2017” table

Reporting for the environmental indicators was conducted in accordance with the stipulations of the 2017 Environmental Protocol for Renault Sites. The following is an explanation of the main methodological choices of the Protocol. This Protocol is available on request from the Energy & Health, Safety, Environment department of Renault.

#### Scope

The “scope” of the reported data covers the industrial subsidiaries (body assembly, final assembly, powertrain and foundry) and the support sites (product and process design, logistics) in the Groupe Renault financial scope of consolidation.

The following manufacturing sites and subsidiaries are however excluded from the environmental reporting scope:

- AVTOVAZ (Russia), in which Renault acquired a majority stake at end-December 2016, and for which environmental reporting is currently in development;
- PVI (company specializing in the conversion of industrial vehicles), which Renault took over in February 2017, but which is not yet integrated into the manufacturing system;
- ACI Iran, which produces components for vehicle production by Renault's Iranian partners (IRAN KHODRO AND PARS KHODRO);
- the Renault Sport site in Viry-Châtillon, which produces engines exclusively for competition vehicles (Formula 1).

Impacts of suppliers or third parties present on site are not included, with the exception of the sites listed under the “Site environmental indicators in 2017” table. All the impacts arising from employee catering facilities are included in the data for the Renault sites.

The data for sites included in the scope of reporting in year Y are presented for information and are consolidated with those of other sites only from year Y+1.

Data from Gaia is taken into account at sites where Gaia operates, except the Choisy-le-Roy and Flins sites (France), where Gaia waste is recorded separately.

The drinking water production and Davidesti waste storage activity at the Pitesti site (Dacia) was removed from the reporting scope. The data is shown for information purposes.

#### Procedures for controlling and consolidating data

Experts from the Group Production Engineering department (Performance and Risk Prevention, Energy & Environment department) check the consistency of data at each site. These checks include a comparison with data from previous years and an analysis of the impact of events occurring on site during the year.

The environmental data presented in the Registration document have also been subjected to external verification by the Independent Third Party, KPMG. Their conclusions are set out in the report at the end of the document.

#### Water consumption

Water consumption is expressed in thousands of cubic meters (m<sup>3</sup>).

Measured volumes include water obtained by pumping (underground and surface water) and/or external networks (drinking water, industrial water). Collected rainwater (Titu, Giheung, Guyancourt, Flins) is also included.

#### Liquid discharges

Data on pollutant flows are based on measurements of effluents after they have been treated in the plants and before they are discharged to the outside. Discharges from some plants may subsequently be treated in municipal treatment plants (see plant codes).

Under the Reporting Protocol, the frequency of discharge analysis must comply with the regulations applicable to the Renault sites.

The quantity of COD represents the flow of suspended solids discharged, expressed in metric tons per year.

The quantity of OM represents the flow of oxidizable matter discharged, expressed in metric tons per year. This quantity is expressed in metric tons per year.

The toxic metals quantity represents the sum of the flow of toxic metals discharged, weighted by a toxicity coefficient. This quantity, expressed in metric tons per year, is calculated as follows:

Toxic metals = 5 flows (Ni+Cu) +10 flows (Pb+As)+1 flow (Cr+Zn)+50 flows (Hg+Cd).

The data presented only take into account the discharges relating to metals, Suspended Solids (SS) and Oxidizable Matter (OM), for which concentration and flow must be measured by law, and the discharges from the plants in Bursa (Turkey), Curitiba (Brazil), Moscow (Russia), Novo Mesto (Slovenia), Santa Isabel de Cordoba (Argentina) and Casablanca (Morocco), for which voluntary controls are taken into account in light of the significant contribution of these discharges to the Group's impacts.

For sites that are not subject to a regulatory requirement to measure pollutant flows or to consolidated voluntary controls at the Group level, the reported value is noted as “NC”. Black water discharges, for which there is no regulatory measurement and/or reporting obligation, are not included in the water discharges. This concerns 38% of manufacturing sites (one of which is covered in a partial statement) and 71% of engineering, logistics and support sites.

The Moscow, Santa Isabel de Cordoba and Batilly (SOVAB) sites are subject to specific regulatory requirements, and receive an exemption on the calculation methodology of the specific flows.

#### Air emissions

The atmospheric emissions of volatile organic compounds (VOC) included in the data are the emissions produced when bodywork is painted (body assembly plants). The application of paint on bumpers and on parts and accessories is not taken into account.

The indicator shown corresponds to the metric tons of VOC emissions and the ratio of VOC emissions per m<sup>2</sup> of painted vehicle surface. The consolidated ratio for the Group corresponds to the total VOC emissions generated by the body assembly plants divided by the total of the painted surfaces.

The atmospheric discharges of SO<sub>2</sub> and NO<sub>x</sub> counted are the emissions from the combustion of fossil energies in fixed combustion installations at all sites, excluding on-site transport.

Emissions generated by engine tests are not taken into account, since the SO<sub>2</sub> emissions are insignificant and NO<sub>x</sub> emissions are difficult to calculate (unreliable assessment method).

Greenhouse gas (GHG) discharges include the direct and indirect GHG emissions and are expressed in metric tons of carbon dioxide equivalent.

Greenhouse gas (GHG) direct emissions are extracted from an inventory of GHG sources conducted in 2004 and updated in 2011. Following this inventory, Renault modified its guidelines to better reflect the total emissions of Groupe Renault and to comply with the recommendations of the GreenHouse Gas Protocol (GHG Protocol) and the French protocol developed by Entreprises pour l'Environnement.

Emissions from the following sources were included:

- combustion of fossil energies transported to the site and those transformed by the site for third parties;
- coolant fill-up of the air conditioning systems fitted in vehicles produced by the plant. Only HFC 134a fill-up is taken into account, the new HFO1234yf cooling fluid is not considered as an air conditioning system according to French legislation (art. R543-75 of the French Environment Code);
- fuel consumption during testing of engines, gearboxes and trials on the test track and test benches;
- forklift trucks using compressed natural gas or propane;
- fuel consumption relating to Renault's company vehicles (taxi pools, shuttles, service vehicles, handling equipment, etc.), excluding the fuel oil consumption of vehicles and equipment used on industrial sites (although the estimated consumption is not significant compared with the Group's total energy consumption);
- coolant leaks from air conditioning systems and processes with a nominal load in excess of 5 teq CO<sub>2</sub> (sites in the European Union only).

These emissions make up more than 95% of the GHG direct emissions produced by Groupe Renault.

The following emission sources have been excluded from the reporting scope, since the corresponding emissions are not significant (less than 1% of total GHG direct emissions):

- air conditioning on site and processes for sites outside the European Union;
- solvent incineration;
- tests on vehicles leaving the assembly line (test benches).

It is not yet possible to correctly assess certain emissions, so the following are not included in the reporting scope:

- emissions associated with transport on sites not listed above among the emissions counted (particularly the delivery by a road haulier external to Groupe Renault);
- fugitive emissions occurring when tanks of coolant (for vehicle air conditioning systems) are filled and emptied;
- emissions linked to SF<sub>6</sub>-type circuit breaker installations.

Greenhouse gas (GHG) indirect discharges are related to purchased electricity, steam and hot water. The emission factors used for the 2017 reporting are:

- for electricity, those published by the IEA (International Energy Agency) in its CO<sub>2</sub> Emissions from Fuel Combustion 2017 publication;
- for steam and hot water, data calculated on the basis of information provided by suppliers.

Certain emissions from the foundry activity are not reported, but emissions from fossil fuel combustion in the foundries are taken into account.

Emissions factors used in the calculations of SO<sub>2</sub>, NO<sub>x</sub> and GHG emissions are consistent with both the Order of October 31, 2012 on the verification and the quantification of emissions declared under the GHG Emissions Trading Scheme, and the CITEPA's OMINEA National Inventory Report - updated in May 2017.

The emission factor from fixed combustion installations of low NO<sub>x</sub> Natural Gas was calculated in 2011, based on an internal study of 88% of sites in the scope having low NO<sub>x</sub> burners. The factor thus obtained (0.0266 kg/MWh NCV) is the average of the factors obtained at each site weighted by the power of the installations.

## Waste

The waste reported is the waste that leaves the site's geographical scope; the quantities are expressed in metric tons.

The waste reported includes hazardous waste (HW), non-hazardous waste (OIW), and construction site waste.

For the sake of clarity, non-hazardous waste is presented in two sub-categories:

- metallic waste from production processes (scrap metals, machining chips, etc.);
- non-metallic waste (mixed ordinary waste, for example).

Construction waste from Renault sites is not reported unless a contractual clause explicitly states that the construction company is not responsible for it.

## Energy consumption

This metric represents the quantity of gas, heating oil, LPG (excluding vehicles), biomass, steam, hot water, and electricity consumed at Renault sites, expressed in MWh LHV (Lower Heating Value). However, the data indicated does not include the propane used by forklift trucks or the fuel consumed by the site (engine and gearbox testing, Company vehicles).

The primary or converted energy supplied to third parties is not included. The purpose of the energy consumption indicators is to reflect the energy performance of Renault's manufacturing processes.

The lower heating values (LHV) are consistent with CITEPA's OMINEA National Inventory report (updated in May 2017) and the Order of October 31, 2012 on the verification and quantification of emissions declared within the GHG Emissions Trading Scheme, with the exception of LHV from natural gas in Spanish plants (Spanish national inventory of greenhouse gas emissions 1990-2009). The LHVs are consistent with the emissions reported in the EU Emissions Trading Scheme.

2.9.3.3 Site environmental indicators in 2017 <sup>(1)</sup>

Site name	Vehicle production	External supply of water in thousands of m <sup>3</sup>	Liquid discharges				Air emissions						Waste, excluding waste from construction sites <sup>(14)</sup>					Energy consumption in mwh lhw		
			Treatment plant	Suspended solids in metric tons/year	COD in metric tons/year	Toxic metals in metric tons/year	total GHG in teq CO <sub>2</sub>	o/w: direct GHG	o/w: indirect GHG	VOC in g/m <sup>3</sup>	VOC in metric tons	SO <sub>2</sub> in metric tons	NO <sub>x</sub> In metric tons	Total NHW in metric tons	o/w: non metallic NHW in metric tons	o/w: metallic NHW in metric tons	Total HW in metric tons		Foundry waste in metric tons	Proportion of recycled waste (excl. construction and foundry)
<b>MANUFACTURING SITES</b>																				
<b>BODY ASSEMBLY PLANTS</b>																				
Batilly (SOVAB) <sup>(2, 15)</sup>	130,606	284.6	PB	1.5	9.7	0.2	35,542	32,343	3,199	38.8	827	0.29	30.20	3,325	2,679	646	2,038	NC	75.0%	218,864
Casablanca (SOMACA) <sup>(13)</sup>	75,808	160.0	PU	249.5	336.5	3.8	25,272	7,618	17,654	68.5	495	0.26	6.98	5,847	5,585	261	520	NC	83.9%	57,462
Cordoba Santa Isabel <sup>(11)</sup>	54,420	195.5	PU	2.3	11.1	0.1	29,230	13,557	15,673	61.6	320	0.10	11.14	14,587	8,048	6,538	677	NC	86.7%	92,346
Dieppe	4,502	8.8	U	NC	NC	NC	3,837	3,496	341	43.4	19	0.03	2.27	528	528	-	667	NC	66.5%	23,237
Douai <sup>(6, 15)</sup>	156,955	606.7	PB	6.7	24.4	0.4	43,174	37,932	5,242	30.2	542	0.35	36.67	50,430	5,746	44,684	2,343	NC	92.0%	282,487
Flins <sup>(7, 15)</sup>	186,881	974.5	PB	11.8	41.4	1.0	57,481	52,086	5,394	36.2	617	0.45	34.75	51,872	7,035	44,837	1,812	NC	94.2%	306,704
Maubeuge <sup>(15)</sup>	164,240	269.7	PB	0.7	3.0	0.1	29,809	26,554	3,255	32.4	576	0.22	24.26	37,635	2,430	35,206	1,749	NC	96.1%	190,708
Envigado (Sofasa)	73,899	152.3	PU	3.6	54.2	0.2	9,967	6,408	3,559	59.0	431	0.03	2.94	9,736	9,275	461	300	NC	93.6%	36,541
Moscou (Autoframos)	99,170	347.8	PU	12.4	59.6	0.1	49,789	21,215	28,574	66.2	690	0.76	31.29	8,353	7,747	606	1,357	NC	64.8%	197,931
Novo Mesto <sup>(15)</sup>	189,554	247.9	PU	1.5	62.5	0.0	42,956	21,814	21,142	30.0	470	0.23	20.62	39,267	3,262	36,005	1,646	NC	93.0%	180,014
Palencia <sup>(8, 15)</sup>	293,370	547.7	PB	1.6	23.8	0.3	61,559	34,747	26,812	26.7	849	0.34	35.42	45,132	5,852	39,280	2,121	NC	98.4%	254,633
Sandouville <sup>(10, 16)</sup>	135,347	372.0	PB	2.2	11.6	0.1	41,439	36,477	4,962	38.8	765	0.32	33.53	35,814	3,398	32,416	3,468	NC	90.4%	278,136
Valladolid Carrosserie <sup>(15)</sup>	160.1	160.1	PU	0.7	6.6	0.1	27,334	12,952	14,382	NC	NC	0.11	12.66	73,763	1,474	72,289	747	NC	99.9%	107,686
Valladolid Montage <sup>(15)</sup>	252,398	480.4	PU	2.9	31.5	0.3	63,829	36,871	26,958	28.7	709	0.32	37.99	6,083	5,479	605	2,321	NC	95.5%	263,095
Tangiers	300,191	335.1	PU	NC	NC	NC	4,460	4,460	0	25.0	782	0.14	3.83	78,918	14,440	64,478	2,644	NC	93.6%	236,554
<b>POWERTRAIN PLANTS</b>																				
ACI																				
Villeurbanne	20.4	20.4	U	NC	NC	NC	2,449	1,974	474	NC	NC	0.02	2.02	2,623	178	2,445	50	NC	98.1%	19,586
Cacia	89.6	89.6	PB	14.5	35.0	0.4	24,052	2,056	21,996	NC	NC	0.01	0.77	8,324	872	7,452	1,125	NC	89.9%	70,289
Choisy-le-Roi <sup>(5)</sup>	12.3	12.3	PU	4.3	9.1	0.0	1,266	1,132	134	NC	NC	0.01	1.12	2,181	342	1,839	124	NC	91.7%	8,064
Cléon <sup>(15)</sup>	1,311.2	1,311.2	PU	7.6	227.1	0.4	33,314	19,567	13,747	NC	NC	0.14	16.48	37,757	4,983	32,774	8,359	1799	82.6%	375,242
Le Mans <sup>(15)</sup>	3,032.6	3,032.6	P	54.0	76.8	0.1	28,309	19,753	8,557	NC	NC	0.18	12.65	25,204	2,391	22,813	1,453	19,637	95.2%	267,367
Los Andes	26.3	26.3	U	NC	NC	NC	9,374	1,745	7,629	NC	NC	0.03	1.59	3,073	713	2,360	959	NC	70.5%	24,910
Ruitz (STA)	26.8	26.8	U	2.4	3.5	0.0	5,118	3,703	1,415	NC	NC	0.03	3.60	2,800	333	2,468	666	NC	80.2%	47,207
Seville	123.9	123.9	PU	0.8	36.6	0.0	30,172	6,117	24,055	NC	NC	0.05	5.34	10,101	632	9,469	1,942	NC	83.3%	106,852
Valladolid Motores <sup>(15)</sup>	215.6	215.6	PU	0.9	10.2	0.1	63,244	12,684	50,561	NC	NC	0.08	9.09	27,840	3,764	24,076	5,080	NC	90.2%	214,676
<b>MIXED PLANTS</b>																				
Bursa <sup>(9)</sup>	365,002	595.9	PBU	40.7	90.7	1.5	106,209	35,682	70,527	33.6	1,167	0.31	31.51	72,676	11,800	60,876	2,901	NC	94.9%	325,103
Busan (RSM) <sup>(4, 16)</sup>	264,060	534.5	PBU	0.3	9.3	0.9	112,346	44,750	67,596	21.8	605	0.28	29.05	38,645	8,709	29,935	2,249	943	94.2%	292,882
Curitiba																				
Complexo Ayrton Senna	261,915	457.8	PU	1.9	320.9	0.4	44,516	25,288	19,228	42.7	1,123	0.18	20.69	58,776	15,111	43,665	3,685	NC	94.6%	218,552
Dacia Automobile <sup>(R, 15)</sup>	313,583	1248.5	PU	105.4	455.8	0.3	178,439	76,252	102,186	36.9	1,349	0.6	51.81	162,526	12,297	150,229	6,306	911	95.9%	622,073
<b>FOUNDRIES</b>																				
Cordoba																				
Fonderie Aluminium	12.2	12.2	U	NC	NC	NC	5,827	3,475	2,352	NC	NC	0.03	3.55	74	12	62	3,606	198	1.7%	22,549
Fonderie de Bretagne	113.4	113.4	PU	0.6	0.8	0.0	7,682	4,063	3,619	NC	NC	0.03	3.69	1,918	906	1,012	275	11,942	56.2%	96,313
Tandil	25.0	25.0	U	NC	NC	NC	7,774	1,651	6,123	NC	NC	0.01	1.62	349	71	278	176	2,549	58.2%	23,444
<b>TOTAL</b>	<b>3,321,901</b>	<b>12,989</b>		<b>530.8</b>	<b>1951.8</b>	<b>10.7</b>	<b>1,185,769</b>	<b>608,423</b>	<b>577,346</b>	<b>34.9</b>	<b>12,335.7</b>	<b>5.9</b>	<b>519.1</b>	<b>916,158</b>	<b>146,093</b>	<b>770,065</b>	<b>63,364</b>	<b>37,979</b>	<b>92.9%</b>	<b>5,461,508</b>



Site name	Vehicle production	External supply of water in thousands of m <sup>3</sup>	Liquid discharges			Air emissions							Waste, excluding waste from construction sites <sup>(14)</sup>					Energy consumption in mwh lhw		
			Treatment plant	Suspended solids in metric tons/year	COD in metric tons/year	Toxic metals in metric tons/year	total GHG in teq CO <sub>2</sub>	o/w: direct GHG	o/w: indirect GHG	VOC in g/m <sup>2</sup>	VOC in metric tons	SO <sub>2</sub> in metric tons	NO <sub>x</sub> in metric tons	Total NHW in metric tons	o/w: non metallic NHW in metric tons	o/w: metallic NHW in metric tons	Total HW in metric tons		Foundry waste in metric tons	Proportion of recycled waste (excl. construction and foundry)
<b>ENGINEERING, LOGISTICS AND SUPPORT SITES</b>																				
Aubevoye		27.7	U	NC	NC	NC	6,532	5,848	684	NC	NC	0.02	1.13	2,493	313	2,180	123	NC	97.4%	26,527
Boulogne (Head office and other entities)		43.4	U	NC	NC	NC	5,235	4,416	818	NC	NC	0.02	2.69	554	530	24	17	NC	35.5%	30,150
Cergy-Pontoise		6.5	U	NC	NC	NC	3,609	191	3,418	NC	NC	0.01	0.03	2,520	2,273	247	34	NC	87.7%	17,742
Dacia centre logistique CKD		9.6	U	NC	NC	NC	3,186	2,360	825	NC	NC	0.01	0.57	2,033	1,959	74	-	NC	96.0%	9,967
Giheung (RSM)		54.2	B	NC	NC	NC	13,256	3,249	10,007	NC	NC	0.01	0.79	770	338	432	508	NC	48.5%	26,782
Grand-Couronne		6.4	U	NC	NC	NC	1,618	1,517	101	NC	NC	0.01	0.48	1,000	907	93	9	NC	68.1%	7,174
Guyancourt		246.0	U	NC	NC	NC	20,762	17,231	3,531	NC	NC	0.11	5.88	2,700	2,093	607	266	NC	71.0%	134,707
Heudebouville (Renault Tech)		1.8	U	NC	NC	NC	232	196	35	NC	NC	0.00	0.15	127	81	46	31	NC	98.8%	1,465
Lardy		116.7	U	34.0	43.1	0.0	20,350	17,237	3,112	NC	NC	0.56	5.24	447	322	126	456	NC	65.8%	114,348
Saint-André-de-l'Eure		10.3	U	1.1	2.2	0.0	1,366	1,246	121	NC	NC	0.02	0.5	3,390	1,904	1,486	18	NC	95.1%	7,720
Titu		56.9	U	NC	NC	NC	10,399	4,693	5,706	NC	NC	0.02	0.87	640	234	406	59	NC	81.7%	25,797
Valladolid Services Centraux		53.1	U	0.4	3.6	0.0	8,522	4,908	3,613	NC	NC	0.05	2.35	331	330	1	136	NC	97.5%	23,095
Villeroy (DLPA)		7.7	U	NC	NC	NC	1,516	1,318	199	NC	NC	0.02	0.59	2,483	2,280	203	40	NC	86.3%	10,356
Villiers-Saint-Frédéric		9.2	U	NC	NC	NC	2,619	2,127	493	NC	NC	0.01	0.60	389	287	102	35	NC	69.8%	16,899
<b>TOTAL</b>		<b>649.4</b>		<b>35.6</b>	<b>48.9</b>	<b>0.1</b>	<b>99,200</b>	<b>66,537</b>	<b>32,664</b>	<b>NC</b>	<b>NC</b>	<b>0.87</b>	<b>21.85</b>	<b>19,877</b>	<b>13,851</b>	<b>6,027</b>	<b>1,733</b>	<b>NC</b>	<b>82.6%</b>	<b>452,730</b>
<b>GROUP TOTAL 2017<sup>(17)(14)</sup></b>	<b>3,321,901</b>	<b>13,638</b>		<b>566.3</b>	<b>2000.8</b>	<b>10.8</b>	<b>1,284,969</b>	<b>674,960</b>	<b>610,009</b>	<b>34.9</b>	<b>12,336</b>	<b>6.8</b>	<b>541.0</b>	<b>936,035</b>	<b>159,944</b>	<b>776,092</b>	<b>65,097</b>	<b>37,979</b>	<b>92.7%</b>	<b>5,914,237</b>
<b>GROUP TOTAL 2016<sup>(17)</sup></b>	<b>3,131,495</b>	<b>12,635</b>		<b>400.6</b>	<b>1,639</b>	<b>14.2</b>	<b>1,214,428</b>	<b>716,305</b>	<b>498,123</b>	<b>36.2</b>	<b>11,948</b>	<b>9.8</b>	<b>595.1</b>	<b>944,240</b>	<b>182,827</b>	<b>761,413</b>	<b>NM</b>	<b>ND</b>	<b>ND</b>	<b>5,937,525</b>
<b>SITES OUTSIDE THE SCOPE OF CERTIFICATION, INFORMATION PURPOSES ONLY:</b>																				
Dacia Drinking water production site		248.3	U	3.4	0.4	0.00	375	68	307	NC	NC	0.04	0.00	NC	NC	NC	NC	NC	NC	1,336
Dacia Davidesti waste storage facility		0.1	PB	0.1	0.3	0.00	14	0.00	14	NC	NC	0.00	0.00	NC	NC	NC	NC	NC	NC	40

NC: Not concerned (see comments on methodology.)

NM: not measured.

Treatment Plant Codes (means of treatment of liquid discharges): P: physico-chemical, B: biological, U: urban

SS: Suspended Solids;

COD: Chemical Oxygen Demand.

Toxic Metals: total flow of metals to which a coefficient of toxicity is applied (arsenic 10, cadmium 50, copper 5, mercury 50, nickel 5, lead 10, zinc 1, chrome 1);

GHG: Greenhouse gases (direct and indirect discharges);

VOC: volatile organic compounds;

NHW: non-hazardous waste;

HW: hazardous waste;

(1) The scope of inclusion for the indicators and the associated methodological choices are detailed in the methodological notes in section 2.9.3.2.

(2) Data from the Batilly (SOVAB) plant includes liquid discharges from the Industrial Supplier Park and the Compagnie d'Affrètement et de Transport (CAT) as well as the Industrial Supplier Park waste.

(3) Water consumption at the Bursa site includes that of the Industrial Supplier Park.

(4) The Welfare Center of the Busan site is excluded from the scope of accounting of the site impacts.

(5) For Choisy-le-Roi, the waste from Gaïa is excluded.

(6) The liquid discharges from the Douai site include those of the Industrial Supplier Park and all the impacts of the Delivery Dispatch Center.

(7) Water consumption at the Flins site includes that of the Spare Parts Distribution Center. The environmental impacts of the company Gaïa are also included in the scope of reporting from the site, excluding waste.

(8) Water consumption at the Palencia site includes that of the Industrial Supplier Park.

(9) Liquid discharges at the Pitesti (Dacia) plant include those of the Industrial Supplier Park.

(10) Water consumption and liquid discharges at the Sandouville site include those of the Industrial Supplier Park.

(11) Liquid discharges from the Santa Isabel Cordoba plant include those of the Compagnie d'Affrètement et de Transport (CAT), the Delivery Dispatch Center and the Parts and accessories department and the ILN (Logistics center).

(12) The total impacts for the previous year are provided for information and relate to the certified scope of the year in question.

(13) Liquid discharges from the Casablanca (SOMACA) plant include those of an industrial complex, not operated by Renault, close to the site.

(14) From FY 2013, the waste indicators do not take into account construction waste, including tonnage that is not directly related to the activity of the Group. Because of this change in methodology, the data for 2013 and subsequent years cannot be directly compared with previous years' data. For a comparison at an equivalent scope of accounting, refer to the tables and charts in section 2.6.3.3.

(15) Site subject to the EU Emissions Trading Scheme (EU-ETS).

(16) Site subject to the South Korean Emissions Trading Scheme (KETS).

(17) Within the environmental reporting scope, 20 sites are officially classified for environmental protection purposes under French ICPE regulations. Of these, 18 require permits, 1 must be declared and 1 must be registered. The environmental protection classification is specific to the Group's activities (stamping, surface treatment, painting, foundry, test bench, etc.), on-site utilities (cooling tower, heating system, air conditioning system, etc.) and storage.

(v) Indicators audited by the independent third party KPMG at a reasonable level of assurance for 2017 (excluding VOC in g/m<sup>2</sup> and foundry waste).



## 2.9.3.4 Environmental indicators for products

## ENVIRONMENTAL CHARACTERISTICS FOR THE BEST-SELLING PASSENGER CARS IN EUROPE (EU 28) AT END-2017

Model	Fuel	Best-selling version					Lowest CO <sub>2</sub> emitting version at end-2017				
		Emission standard	External Noise (dBA)	Engine	Consumption NEDC (l/100km)	CO <sub>2</sub> Emissions	Emission standard	External Noise (dBA)	Engine	Consumption NEDC (l/100km)	CO <sub>2</sub> Emissions
<b>RENAULT BRAND</b>											
TWINGO III	G	Euro 6	71.9	Scé 70	5.0	112	Euro 6	71.4	Scé 70 S&S	4.2	95
ZOE	EV	NC	70.2	R240	NC	0	NC	70.2	R240	NC	0
CLIO IV	D	Euro 6	72.3	dCi 75	3.3	85	Euro 6	72.3	dCi 90	3.2	82
	G	Euro 6	72.8	Energy TCe 90	4.7	105	Euro 6	72.8	Energy TCe 90	4.2	94
CAPTUR	D	Euro 6	71.0	dCi 90 ECO2	3.7	95	Euro 6	71.0	dCi 90	3.7	95
	G	Euro 6	71.5	Energy TCe 90	5.1	113	Euro 6	71.5	Energy TCe 90	5.1	113
MEGANE IV	D	Euro 6	72.0	Energy dCi 90	3.7	95	Euro 6	70.6	Energy dCi 110	3.4	86
	G	Euro 6	69.8	Energy TCe 130	5.3	119	Euro 6	69.8	Energy TCe 130	5.3	119
SCENIC IV	D	Euro 6	72.5	Energy dCi 110	3.9	100	Euro 6	71.15	Energy dCi 110 Hybrid Assist	3.6	94
	G	Euro 6	70.9	Energy TCe 130	5.8	129	Euro 6	70.9	Energy TCe 130	5.8	129
KADJAR	D	Euro 6	72.9	Energy dCi 110	3.8	99	Euro 6	72.9	Energy dCi 110	3.8	99
	G	Euro 6	73.3	Energy TCe 130	5.6	126	Euro 6	69.9	Energy TCe 130	5.5	123
TALISMAN	D	Euro 6	69.2	Energy dCi 130 EDC	4.5	118	Euro 6	70.6	Energy dCi 110	3.6	95
	G	Euro 6	68.0	Energy TCe 150 EDC	5.8	130	Euro 6	67.8	Energy TCe 150 EDC	5.6	127
ESPACE V	D	Euro 6	69.8	Energy dCi 160 EDC	4.6	120	Euro 6	70.3	Energy dCi 130	4.4	116
	G	Euro 6	70.1	Energy TCe 200 EDC	6.2	140	Euro 6	70.1	Energy TCe 200 EDC	6.2	140
KANGOO II	D	Euro 6	72.2	Energy dCi 90	4.3	112	Euro 6	72.2	Energy dCi 90	4.3	112
	G	Euro 6	71.1	Energy TCe 115	6.2	140	Euro 6	71.1	Energy TCe 115	6.2	140
KOLEOS II	D	Euro 6	69.0	Energy dCi 180	5.9	156	Euro 6	68.0	Energy dCi 120	4.6	120
TRAFIC	D	Euro 6	73.9	Energy dCi 125	5.6	145	Euro 6	73.9	Energy dCi 125	5.6	145
MASTER	D	Euro 6	74.9	Energy dCi 145	7.9	207	Euro 6	69.7	Energy dCi 170	6.3	163
<b>DACIA BRAND</b>											
SANDERO	D	Euro 6	74.7	dCi 90	3.8	98	Euro 6	73.8	dCi 75	3.5	90
	G	Euro 6	74.0	Scé 75	5.1	115	Euro 6	74.0	Tce 90	4.9	109
	LPG	Euro 6	74.0	Tce 90	6.2	98	Euro 6	74.0	Tce 90	6.2	98
LOGAN	D	Euro 6	73.8	dCi 90	3.5	90	Euro 6	73.8	dCi 90	3.5	90
	G	Euro 6	74.0	Tce 90	4.9	109	Euro 6	74.0	Tce 90	4.9	109
	LPG	Euro 6	74.0	Tce 90	6.2	98	Euro 6	74.0	Tce 90	6.2	98
DUSTER	D	Euro 6	75.0	dCi 90	4.4	115	Euro 6	74.5	dCi 90	4.4	115
	G	Euro 6	73.8	Scé 115	6.4	145	Euro 6	73.8	Scé 115	6.4	130
LODGY	D	Euro 6	73.9	dCi 110	4.0	105	Euro 6	73.5	dCi 90	4.0	103
	G	Euro 6	74.0	Scé 100	6.1	139	Euro 6	72.3	Tce 115	5.5	124
DOKKER	D	Euro 6	73.2	dCi 90	4.2	108	Euro 6	73.2	dCi 75	4.0	103
	G	Euro 6	74.0	Scé 100	6.2	140	Euro 6	74.0	Tce 115	5.7	130

G: Gas

D: Diesel

NC: Not concerned

EV: Electric Vehicle

## 2.9.4 Appendices concerning societal commitments

### 2.9.4.1 Methodology used for key societal reporting figures

#### A. Identification of initiatives

The information included in the comprehensive reporting of societal initiatives is collected from a network of correspondents covering all countries in which Renault operates. This information:

- concerns the five CSR policy priorities: diversity, education, social business, environment, road safety and "other" (including humanitarian aid, culture, sport, health, etc.):
  - the purpose of each initiative determines the category to which it is assigned. For example, donating a vehicle to help keep children from dropping out of school would be classified under "education",
- divided into three categories corresponding to LBG (London Benchmarking Group) recommendations: charitable gifts, investment in the community, commercial initiatives:
  - charitable** gifts are a mostly intermittent response to the needs and appeals of charitable and community organizations. They do not fit into the community investment strategy (see below) because of the area they target or their geographic scope,
  - community** investment describes the involvement in local partnerships to address a limited range of societal issues chosen by the Company to protect its long-term interests and enhance its reputation:
    - the contribution should address at least one of the five key focuses (diversity, education, social business, environment, road safety) in a strategic region (Group presence). There should be no direct commercial interest,
    - or the contribution addresses another issue viewed as strategic at the local level, with no direct commercial interest,
  - commercial initiatives**, in partnership with charities and/or local community-based organizations, aim to meet local needs or expectations, while supporting the success of the Company by promoting the brand and its strategy;
- includes that from Renault s.a.s. philanthropy (see section 2.8.1.3).

Initiatives led by non-consolidated entities on behalf of Groupe Renault and in accordance with the Group's CSR policy are set out in section 2.9.3.2. In view of their full inclusion in the CSR implementation strategy and their relative weight in the combination of all initiatives undertaken (to date), they are not singled out in the summary.

#### B. Assessment of the investment associated with societal initiatives

The following are included in the calculations:

- societal initiatives (defined in A) conducted by the Group's entities worldwide;

- annual allocations to the Group's Foundations for their CSR activities, broken down by specific initiative;
- the share of the corporate CSR department budget allocated to the programs relating to the five priorities;

The amount of the investment associated with each initiative is calculated as follows:

- for items donated from inventory – their inventory value;
- for equipment that has been decommissioned or is to be scrapped – its residual value (which in most cases will be zero);
- for a new vehicle donated from inventory – its sales cost;
- for the loan of a vehicle – application of an average monthly cost, all vehicles combined (calculation below), multiplied by the number of months it is made available;
- for time spent by Group employees to organize and implement the identified activities:
  - the amounts are reported in the country in which the expense is incurred,
  - the amounts reported do not incorporate any patronage-related tax credits.

#### Calculation of the monthly rate for a vehicle loan

The average length of time a vehicle is garaged by corporate management, the entity tasked with managing the Company's vehicles, including those supplied to our commercial and non-profit partners, is estimated at 24 months.

Based on a B-segment vehicle, a Renault CLIO or equivalent, the Sales and Marketing department France estimates the final cost to the Company at €7,220 for this time period, or a monthly cost of €301.

The average cost of a vehicle's registration papers is €500. Spread over 24 months, the monthly cost is €21.

The average Company car tax paid by Renault is €870 per year per vehicle, or €73 per month.

The average cost of supplying a vehicle is therefore €395 per month.

#### Calculation of daily rate for employees

- number of days worked in the year = (average annual hours worked/length of work week)<sup>(1)</sup> 5, or 230 days;
- average annual cost = Payroll costs (see Section 2.4.1.2)/Total workforce (see section 2.4.1.1);
- average daily rate applied = average annual cost/number of days worked, or €220/day.

(1) Source: stats.oecd.org.

## 2.9.4.2 Breakdown of programs having benefited from sponsorship in 2017

Theme	Project	Purpose	Support granted (in euros)
Inclusion	Un cadeau pour la vie	This charity aims to bring a smile to children in hospital with both mental and physical conditions. Renault supported a project to create superhero-themed uniforms specifically designed for medical treatment, to assist carers in their tasks.	6,000
	Plessis Volley Ball	This charity wants to create a volleyball team for people with disabilities. Renault was asked to help with this project.	10,000
	Campagne National pour le Droit à l'Education (National Campaign for the Right to Education)	Brazil has a high academic exclusion and drop-out rate. To address this alarming fact and with Renault's support, the charity has launched an education for all campaign to provide universal access to a high-quality state education in Brazil which is free-of-charge, secular and inclusive.	10,000
	University of Maribor	The association has made it possible for a number of students from the University of Maribor in Slovenia to design a racing vehicle to take part in the Formula Students worldwide competition, which brings together students from a wide range of training backgrounds. Renault was accordingly asked to provide financial assistance and to enable the students to take part in the <i>grand prix</i> .	10,000
	Jeunesse Athlétique Pavienne	This charity is open to all and offers people with disabilities the opportunity to take part in a sporting activity (primarily team sports). Renault was asked to provide financial assistance to the charity so that it could buy new equipment and continue to implement diversity measures.	10,000
	Institut de l'Engagement	The Institut helps young people faced with academic, cultural, social or financial barriers to achieve their future plans, including training, employment and starting a business. Approximately 30 young people will benefit from the support provided.	73,000*
	Énergie Jeunes	Energie Jeunes aims to prevent academic drop-outs in priority education colleges. Pupils are supported throughout their middle school program by employees of the companies that support Energie Jeunes. The support provides young people with training through special educational programs.	73,000*
	École de la Seconde Chance 78	"Écoles de la deuxième chance" (second-chance schools or E2C) help young people with no qualifications to successfully integrate into society and find a career. The support granted to the Yvelines E2C in France will enable the creation of training schools for manual work. This project aims to provide a wider range of career paths and provide help finding a job.	60,000*
	Tendre la Main 78	This charity implements measures to prevent the risks of delinquency. It hopes to set up a "Taxi Parloir" (visiting room taxi) mobility project to help detainees stay in touch with their families, and has asked Renault to provide financial support for transport costs.	17,000
Sustainable mobility	"Djanatu al Arif" Fondation Méditerranéenne du développement Durable (Mediterranean sustainable development Foundation)	The Foundation takes action to promote sustainable development and citizenship education in Algeria. One of its projects focuses on the professional integration of young people in difficulty in the Mostaganem region. They are offered training leading to a qualification through a construction site integration scheme. Renault provides support for the purchase of a means of transport to make it easier to access the construction site.	10,000
	COS Pasteur	COS is well-known for its action on social, medico-social and health issues for quality of life and independence. It assists, supports and treats vulnerable and disadvantaged people. With Renault's support, it plans to purchase a disability-adapted vehicle to teach or re-teach people with a motor or mental disability to drive.	4,000

\* These partnerships were agreed for a period of three years with a single financing in 2017.

## 2.9.5 Grenelle 2 cross-reference table

### CORPORATE SOCIAL, ENVIRONMENTAL AND SOCIETAL DATA IN ACCORDANCE WITH THE GRENELLE 2 ACT (ARTICLE 225-102 - OF THE FRENCH COMMERCIAL CODE)

#### CORPORATE SOCIAL DATA

Employment				
		Group workforce	Group	2.4.1.1
		Breakdown of workforce by Region	Group	2.4.1.1
		Breakdown of workforce by gender	Group	2.4.1.1
	Total workforce and breakdown of employees by gender, age and geographic area	Breakdown of workforce by age	Group	2.4.1.1
		New hires	Group	2.4.1.1
		Breakdown of new hires by Region	Group	2.4.1.1
Employment	Hires and redundancies	Redundancies	Group	2.4.1.1
		Breakdown of payroll expenditure by Region	Group	2.4.1.2
		Ratio of payroll expenditure to revenue	Group	2.4.1.2
		Average payroll costs by Region	Group	2.4.1.2
		Performance appraisal, career development and remuneration	Group	2.4.3.2
	Payroll expenditure and trends	Employee profit-sharing	Group	2.4.3.2
Work organization				
Work organization	Organization of work time	Homeworking employees	France	2.4.1.3
Work organization	Absenteeism	Absenteeism rate	Group	2.4.3.1
Training				
		Dynamic skills management policy	Group	2.4.1.4
		Monitoring of jobs and skills management planning	France	2.4.1.4
		Expanding consultancy	Group	2.4.1.4
		Management quality	Group	2.4.2 and 2.4.2.3
		Talent development	Group	2.4.2.1 and 2.4.2.2
	Training policies	Exchanges with Renault partners	Group	2.4.2.2
	Total number of training hours	Total training hours	10 major countries	2.4.1.4
Equal opportunities				
		Promotion of diversity	Group	2.4.2.1
		% of female managers	Group	2.4.2.1
	Policies to promote gender equality	% of key positions held by women	Talent@Renault	2.4.2.1
Equal opportunities	Measures taken to promote the employment and integration of people with disabilities	% of disabled employees	Group	2.4.2.1
		% of key positions held by international profiles	Talent@Renault	2.4.2.1
	Anti-discrimination policy	Employment policy for young people and seniors	Group	2.4.2.1
Health and safety				
		Prevention of psycho-social risk and occupational stress	Group	2.4.3.1
		Accidents on public roads	Group	2.4.3.1
	Occupational health and safety	Monitoring of the work environment policy	Group	2.4.3.1
Health and safety	Agreements with labor unions or employee representatives on occupational health and safety	Description of the policy on work health, safety and environmental risk prevention covered by the global framework agreement	Group	2.4.4.1 2.4.4.2
		Frequency rate of workplace accidents (FR1)	Group	2.4.3.1
		Frequency rate of workplace accidents with lost time (FR2)	Group	2.4.3.1
	Working accidents (notably frequency and severity) and occupational illnesses	Severity rate (G1)	Group	2.4.3.1
		Occupational illness rate	Group	2.4.3.1

<b>Industrial relations</b>				
		Global framework agreement on social, societal and environmental responsibility	Group	2.4.4.1 and 2.4.4.2
Industrial relations	Organization of social dialog, especially procedures on notification and consultation of employees and negotiations with employees	Internal communications	Group	2.4.4.4
		No. of major agreements	Group	2.4.4.3
		Summary of collective agreements	Group	2.4.4.1 and 2.4.4.3
<b>Advancement of and compliance with the fundamental principles of the International Labor Organization in respect of 2.4.4.3</b>				
	Freedom of association and the right to collective bargaining	Global framework agreement on social, societal and environmental responsibility	Group	2.4
	Elimination of discrimination in employment and occupation	Global framework agreement on social, societal and environmental responsibility	Group	2.4
	Elimination of forced or compulsory labor	Global framework agreement on social, societal and environmental responsibility	Group	2.4
<b>ENVIRONMENTAL DATA</b>				
<b>Overall environmental policy</b>				
	Integrating environmental issues into the Company organization	Describing the way environmental issues are integrated into the Group organization	Group	2.6.2
Overall policy		<b>Manufacturing</b> No. and % of ISO 14001-certified manufacturing sites		<b>Manufacturing</b> 2.6.2.2
		% of manufacturing sites covered annually by environmental and risk prevention audits	Group	2.6.2.2
	Environmental assessment and certification processes	<b>Vehicles</b> % of vehicles in the range that have had an LCA (as % of global sales)	Group	2.6.2.1
		Information and training for employees on environmental protection	Group	2.6.2.2
	Resources dedicated to preventing environmental risks and pollution	<b>Human Resources</b> (no. of members of the industrial environment network) Investments dedicated to the protection of environment, people and property and production and distribution of energy on industrial sites		2.6.2.2
Amount of provisions and guarantees for environmental risks		Amount of provisions	Group	note 20 on provisions – 4.2.6.4
<b>Pollution and waste management</b>				
Pollution and waste management	Prevention, reduction and remediation of air, water and soil pollution with a severe environmental impact	<b>Manufacturing</b> VOC, NO <sub>x</sub> , SO <sub>2</sub> emission		<b>Manufacturing</b> 2.6.3.5 and 2.9.3.3
		% of production capacity equipped with water-soluble painting facilities		2.6.3.5
		% of production capacity equipped with VOC incinerators		2.9.2.3
	Discharges of toxic metals, organic compounds, suspended particulate matter	No. of powertrain sites recycling industrial effluents	Group	2.6.3.4
		Prevention, recycling and elimination of waste	<b>Manufacturing</b> Quantity of waste generated by the plants in metric tons and in kg per vehicle produced	
Breakdown of waste by treatment type			2.6.3.2	
No. of sites with zero waste to landfill	France		2.6.3.2	
Mitigation of noise and other types of pollution specific to an activity	<b>Vehicles</b> Number of end-of-life vehicles dismantled by the subsidiary INDRA and its network of approved dismantlers		2.6.3.2	
	% of sales in countries where Renault helps to organize the collection of end-of-life vehicles (ELVs)	France Group	2.6.2.2	
	<b>Vehicles</b> Reduction of noise generated by the manufacturing and use of vehicles		<b>Vehicles</b> 2.6.3.6	
	Certified noise pollution levels for the top-selling versions of each model in the range in Europe	Europe Region	2.9.3.4	

**Sustainable resource use**

	Water consumption and water supply depending on local constraints	Water consumption (total m <sup>3</sup> and m <sup>3</sup> /vehicle) Breakdown of consumption by source	Group	<b>Manufacturing</b> 2.6.3.3 and 2.9.3.3 2.6.3.3
	Raw materials consumption	Quantity of steel, cast iron, aluminum and plastics used in vehicle production	Group	<b>Manufacturing</b> 2.6.3.2
	Improving efficiency of resource use	% of recycled steel, cast iron, aluminum and plastics % of recycled materials in vehicles produced in Europe	Group	<b>Vehicles</b> 2.6.3.2 2.6.3.2
		<b>Manufacturing</b> Energy consumption (total and by site)	Group	<b>Manufacturing</b> 2.6.3.1 and 2.9.3.3
Sustainable resource use	Energy Consumption	<b>Vehicles</b> Fuel consumption by the top-selling <sup>(1)</sup> versions <sup>(2)</sup> and the most efficient versions of each model in the range in Europe	Europe Region	<b>Vehicles</b> 2.9.3.3
		<b>Manufacturing</b> Energy consumption per vehicle Improving energy efficiency on manufacturing sites	Group	<b>Manufacturing</b> 2.6.3.1 2.6.3.1
	Improving energy efficiency	<b>Vehicles</b> Actions and results to reduce consumption of internal combustion engine vehicles, drive electric vehicle sales and make eco-driving aids available in vehicles		<b>Vehicles</b> 2.6.3.1
	Renewable energy use	<b>Manufacturing</b> % of renewable energy (direct and indirect) in energy consumption of sites in consolidated environmental scope	Group	<b>Manufacturing</b> 2.6.3.1
	Land use	Total surface area covered by sites in consolidated environmental scope, of which impervious areas	Group	2.6.3.5

**Climate change**

		<b>Manufacturing</b> Greenhouse gas (GHG) emissions, total and by site Direct and indirect GHG emissions Breakdown of GHG emissions by source type	Group	<b>Manufacturing</b> 2.6.3.1 and 2.9.3.3 2.6.3.1
Climate change		<b>Vehicles</b> Average CO <sub>2</sub> emissions of the passenger car range Certified emissions of the top-selling <sup>(1)</sup> versions <sup>(2)</sup> the most efficient versions of each model in the range in Europe	Europe Region	<b>Vehicles</b> 2.6.3.1 2.9.3.4
	Greenhouse gas emissions			
	Taking risks linked to climate change into account		Group	2.6.3.1

**Protection of biodiversity**

Protection of biodiversity	Actions taken to increase biodiversity		Group	2.6.3.7
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**INFORMATION RELATING TO SOCIETAL COMMITMENTS PROMOTING SUSTAINABLE DEVELOPMENT**

Local impact	Regional development		Group	2.8.1 and 2.8.2
	On residents and local populations		Group	2.8.1.1 and 2.8.1.2
Relations with stakeholders	Conditions for dialog		Group	2.1.6
Sub-contractors and suppliers	Partnerships and sponsorship initiatives		Group	2.1.6 and 2.8.1
	Inclusion of social and environmental issues in the purchasing policy	Dissemination of CSR standards in the purchasing process	Group	2.3.2
	Importance of sub-contracting and inclusion of CSR in relations with sub-contractors and suppliers	Monitoring suppliers' CSR performance	Group	2.3.2
Fair practices	Anti-corruption action		Group	2.1.5 and 3.3
	Measures taken in favor of consumer health and safety		Group	2.3.4, 2.7.1 and 2.7.2

**Other actions implemented**

The topic of food wastage was deemed not to be pertinent in light of Groupe Renault's activities.

## 2.9.6 Sustainability ratings and indexes

Non-financial rating agencies, certain specialized departments of financial institutions and certain investor groupings assess companies on their commitments, responsible policy implementation and performance in terms of labor relations, the environment and governance through the use of analysis and scoring techniques. These assessments are designed primarily to meet demand from socially responsible or general investors, who use the findings to select the companies in which they invest <sup>(1)</sup>.

Some of these rating agencies, usually working in partnership with providers of equity indexes, have developed special indices composed of the top-rated companies for environmental, social or governance (ESG) indicators.

### 2.9.6.1 Renault's ratings in 2017



The Carbon Disclosure Project (CDP), founded in 2000, is tasked by a group of institutional investors to enhance understanding of the impacts of climate change on the value of the assets managed by its signatories.

Since 2002, the CDP has sent companies annual requests for information in a standard format about their greenhouse gas emissions and policies on climate change. The CDP includes, in particular, members of the FT500 (the 500 largest companies in the world by market capitalization).

2017 results: based on its responses to the CDP Climate Change questionnaire, which are available at [www.cdproject.net](http://www.cdproject.net), Groupe Renault was awarded an A- rating, which enables it to retain its position on the "A-list" of companies considered by CDP as world leaders in the fight against climate change.

**ROBECOSAM** Founded in 1995, SAM is a Swiss-based Asset Management company specializing exclusively in responsible investments, and proposing Asset Management, sustainable development indexes including the renowned Dow Jones Sustainability indexes (DJSI) series, company ESG assessments, activist investment and engagement solutions for companies.

2017 results: although not selected for the Dow Jones Sustainability World index (DJSI World), Groupe Renault recorded a good performance, particularly for the environment, with an above-average ranking for the automotive industry. For further information, please contact RobecoSAM, <http://www.robecosam.com/>.



Oekom Research is one of the leading sustainability rating agencies, with analysis universe covering 6,200 issuers (5,500 companies and subsidiaries, and 700 sovereign issuers) with a worldwide geographical scope.

2017 results: Groupe Renault's ESG performance was once again recognized by the Prime status with an overall C+ rating. Groupe Renault received a C+ rating in the "Social" field and a C+ in "Environment". For further information, please contact oekom research at <http://www.oekom-research.com/>.



Sustainalytics is a leading independent international ESG research and ratings agency.

In February 2017, Groupe Renault's overall ESG performance was 75 out of 100, with a "Leader" status within the assessed automotive industry. For further information, please contact Sustainalytics, [www.sustainalytics.com](http://www.sustainalytics.com).



MSCI is a leading supplier of investment decision-support tools worldwide. MSCI ratings assess company performance on 37 key ESG subjects, concentrating on the biggest issues (i.e., ability to generate significant risks and opportunities) common to the company's core business and the industrial segment concerned. Companies are rated on a scale from AAA to CCC according to the standards and performance of their segment peers.

MSCI also manages the MSCI Global Sustainability indexes series, which includes companies whose MSCI ESG rating is high compare to segment peers in a given region.

2017 results: Groupe Renault was once again awarded an overall AA ESG performance, and ranks second out of the major automotive industry players, behind Tesla. Groupe Renault is a component of the MSCI Global Sustainability indexes series, which includes the MSCI ACWI ESG index, the MSCI World ESG index, the MSCI EM ESG index and the MSCI USA IMI ESG index. For further information, please contact MSCI at [www.msci.com/](http://www.msci.com/).

### 2.9.6.2 Inclusion in socially responsible indexes

Renault is included in the following socially responsible indexes:



**Ethibel Excellence:** Renault was reconfirmed as a component of the Ethibel Sustainability Index (ESI) Excellence Europe on March 19, 2018. Selection by the ETHIBEL Forum ([www.forumethibel.org](http://www.forumethibel.org)) indicates that the company performs better in terms of Social Responsibility than its sector average;



The Global Challenges index, set up in 2007 by the German agency oekom research, lists 50 companies worldwide recognized for their contribution to sustainable development through their products and services and for initiatives related to the development of their businesses. The Group is still part of this index at March 19, 2018;

(1) Socially responsible investment (SRI) refers to all financial investments made using arbitration that is based not only on the financial performance of the stocks covered but also on the consideration of criteria such as the behavior of the Company with respect to its environmental, economic and social context.



**MSCI**  2017 Constituent  
MSCI Global  
Sustainability Indexes

The MSCI global sustainability indexes series, which includes the MSCI ACWI ESG Index, the MSCI World ESG Index, the MSCI EM ESG Index and the MSCI USA IMI ESG Index. The MSCI ACWI ESG Index covers mid- and large-cap companies in 23 developed market countries and 21 emerging market countries. The MSCI World ESG Index covers mid- and large-cap companies in developed markets. The MSCI EM ESG Index covers mid- and large-cap companies. The MSCI USA IMI ESG Index covers US small-, mid- and large-cap<sup>(1)</sup> companies.

The STOXX Global ESG Leaders index, which represents leading global companies in environmental, social and governance indicators. As at March 22, 2017, Renault is still part of this index, which is calculated based on indicators provided by the Sustainalytics agency. This index is composed of three ESG sub-indexes: STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders.

(1) The inclusion of Renault S.A. in one of the MSCI indexes, and the use of logos, brands, service marks or MSCI index names does not constitute sponsoring, support or promotion of Renault SA by MSCI or its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are brands or service marks of MSCI or its affiliates.

## 2.9.7 Report by one of the Statutory Auditors, designated as an independent third party, on the consolidated social, environmental and societal information presented in the management report

*This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

For the year ended December 31, 2017

To the Shareholders,

In our capacity as Statutory Auditor of Renault S.A., (hereinafter named the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049<sup>(1)</sup>, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

### Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocols used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

### Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

### Statutory Auditors responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information, without workforce, turnover and absenteeism of Avtovaz, published for the first time this fiscal year, taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- at the request of the company, express reasonable assurance, that information selected by the Group and identified by the symbol √ in the chapter 2 of the management report is fairly presented, in all material respects, in accordance with the Guidelines (Reasonable assurance on a selection of CSR information).

However, it is not our responsibility to pronounce on the compliance with the relevant legal provisions applicable if necessary, in particular those envisaged by article L. 225-102-4 of the French Commercial Code (Duty of care) and by the law n° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved seven people and was conducted between December 2017 and March 2018 during a twenty week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000<sup>(2)</sup> concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at [www.cofrac.fr](http://www.cofrac.fr).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

## 1. Attestation regarding the completeness of CSR Information

### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in chapter 2 of the management report.

### Conclusion

Based on the work performed and given the limitations mentioned above, in particular regarding the progressive approach to integrate Avtovaz which is not included in the CSR Information reporting perimeter yet, except for the information related to workforce, turnover and absenteeism published for the first time this fiscal year, we attest that the required CSR Information has been disclosed in the management report.

## 2. Conclusion on the fairness of CSR Information

### Nature and scope of our work

We conducted about thirty interviews with the people responsible for preparing the CSR Information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important<sup>(1)</sup>:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

#### (1) Limited assurance

*Social information: total headcount and breakdown (by age, gender and region), turnover (recruitment and redundancies) without AVTOVAZ, absenteeism rate without AVTOVAZ, frequency rate of workplace accidents without suspension (FR1r) and with work suspension (FR2r), severity rate (G1), number of occupational diseases, number of training hours, number of employees trained, number of disabled employees, number of major agreements signed.*

*Environmental information for retail network Renault Retail Group (RRG): water consumption, total energy consumption, total green house gas (GHG) emissions (scopes 1 & 2), Waste tonnage (non hazardous industrial waste and hazardous industrial waste), volatile organic compounds (VOCs) emissions.*

*Qualitative information:*

*Policy against discriminations, measures implemented to promote gender equality, measures implemented to promote employment and integration of disabled people, occupational health and safety conditions.*

*The carbon footprint of the Group (including CO<sub>2</sub> emissions associated to the use of the vehicles sold during the year and CO<sub>2</sub> emissions associated to the production of the raw materials consumed by the Group), the organization of the Company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues, measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment, measures of prevention, recycling, reuse, other forms of recovery and disposal of waste.*

*Cybersecurity and personal data protection, connected vehicles, Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility, territorial, economic and social impact of the company activity regarding regional employment and development and on the local populations, measures implemented to promote consumers health and safety.*

**Reasonable assurance**

*Environmental information for industrial sites: water consumption, total energy consumption, total GHG emissions (scopes 1 & 2), waste tonnage (non hazardous industrial waste non metallic, non hazardous industrial waste metallic and hazardous industrial waste), percentage of recycled waste (except waste from remediation activities and foundry), VOCs emissions, water discharges: suspension solids, chemical oxygen demand (COD), toxic metals, SO<sub>2</sub> emissions, NO<sub>x</sub> emissions.*

- at the level of a representative sample of entities selected by us<sup>(1)</sup> on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 17% of headcount without Avtovaz considered as material data of social issues and between 14% and 70% of environmental data considered as material data<sup>(2)</sup> of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

### Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

## 3. Reasonable assurance on a selection of CSR Information

### Nature and scope of our work

For the information selected by the Group and identified by the symbol √, our audit consisted of work of the same nature as described in paragraph 2 above for CSR information considered the most important, but in more depth, particularly regarding the number of tests.

The selected sample represents represents 50% and 70% of environmental data considered as material data<sup>(3)</sup> of environmental issue.

We consider that this work enables us to express a conclusion of reasonable assurance for the information selected by the Group and identified by the symbol √.

### Conclusion

In our opinion, the information selected by the Group and identified by the symbol √ is fairly presented, in all material respects, in compliance with the Guidelines.

Paris-La Défense, March 22, 2018

KPMG SA

Anne Garans  
Associée  
Sustainability Services

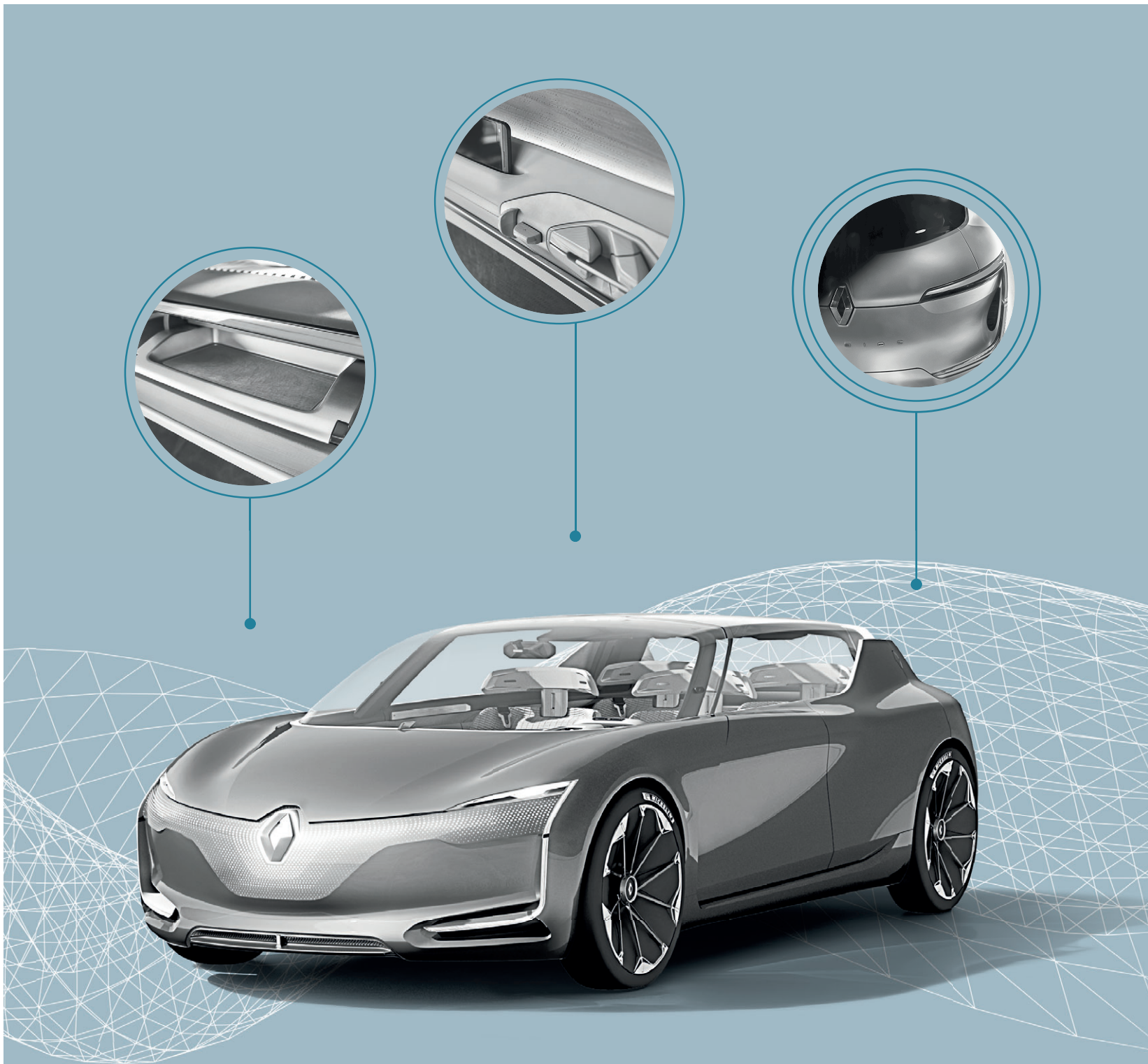
Laurent des Places  
Associé

(1) *Social information: Renault South Korea (RSM), Renault Argentina, Renault Spain, Renault Retail Group France and Renault Retail Group Luxembourg. Environmental information for industrial sites: South Korea (Busan (RSM) and Giheung (RSM)), Argentina (Cordoba Fonderie Aluminium, Cordoba Santa Isabel), Spain (Valladolid Carrosserie, Valladolid Montage, Valladolid Services Centraux), Morocco (Casablanca and Tangiers), Romania (Dacia automobile), France (Douai, Flins, Batilly, Cléon). Environmental information for retail network Renault Retail Group (RRG): Normandy area, Brittany area, Belgium and Luxembourg.*

(2) *Water consumption, Total energy consumption, Total GHG emissions (scopes 1 & 2), Waste tonnage, VOCs emissions, Water discharges: Suspension solids, COD, Toxic metals (for industrial sites).*

(3) *Water consumption, Total energy consumption, Total GHG emissions (scopes 1 & 2), Waste tonnage, VOCs emissions, Water discharges: Suspension solids, COD, Toxic metals.*





● SYMBIOZ DEMO CAR (D33)

## 19 DIRECTORS WITH A RANGE OF KEY SKILLS SERVING RENAULT

# 03

## CORPORATE GOVERNANCE

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The elements of the annual financial report are identified by the **AFR** symbol.

## REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code (*Code de commerce*), the following developments form the report on corporate governance, containing information on:

- (i) the composition of the Board of Directors, the application of the principle of balanced gender representation, and how the Board's work is prepared and organised;
- (ii) compensation of corporate officers; and
- (iii) the factors likely to affect takeover bids or share exchange offers.

Pursuant to the provisions of Article L. 225-37-4 of the French Commercial Code, the Company declares that it has opted to refer to the AFEP-MEDEF corporate governance code of listed corporations (hereinafter, the "**AFEP-MEDEF Code**") in particular for the purposes of drafting this report. The recommendation from this code which has not been followed is shown in a table (see table Chapter 3.1.7).

The AFEP-MEDEF Code is available for consultation at the Company's registered office and on its website.

This report was approved by the Board of Directors during its meeting held on February 15, 2018.



## 3.1 COMPOSITION, PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS

This chapter describes the method for managing and directing Renault S.A. as a listed company and the parent company of Groupe Renault. This management method is also applicable to Renault s.a.s., a subsidiary of the Company and the umbrella company for Groupe Renault's automotive and financial businesses.

The operating principles and missions of the Board of Directors are described in the Board Charter, which is available in full on Groupe Renault's website. The main contents of the Board Charter are reproduced below.

3

### 3.1.1 Composition of the Board of Directors

The members of the Board of Directors are appointed by the Annual General Meeting, with the exception of the director designated by the French State pursuant to Article 4 of French Order no. 2014-948 of August 20, 2014 on corporate governance and equity transactions in publicly-owned companies and the directors representing the employees.

#### Board Charter provisions governing the composition of the Board of Directors

The Renault Board of Directors seeks to have a membership that provides balance, skill, and ethics. To achieve this, when examining each candidacy, it takes into account the following:

- the composition of the shareholders and any changes to this;
- independence;
- gender balance;
- diversity and complementarity of skills, and their relevance with respect to Renault's strategy and development;
- diversity of nationalities;
- knowledge of the markets in which Renault operates or wishes to operate.

The profile of each candidate is examined in line with each of these criteria.

#### Board Charter provisions governing the selection process for directors

Candidates are then interviewed by the Appointments and Governance Committee. Following interviews, the Appointments and Governance Committee makes recommendations to the Board of Directors.

The Board of Directors discusses the candidates put forward by the committee and votes to determine which candidates are put to a vote at the shareholders' Annual General Meeting.

Thereafter, the composition of the Board of Directors is:

- reviewed as part of the annual evaluation of the organisation and operation of the Board. The Board of Directors conducts a formal evaluation whenever it deems necessary to do so, and at least once every three years;
- described in the report of the Chairman and Chief Executive Officer on the composition of the Board of Directors, together with the application of the principle of balanced gender representation, the preparation and organisation of the Board's work, and the internal control and risk management procedures implemented by the Company.

# 3

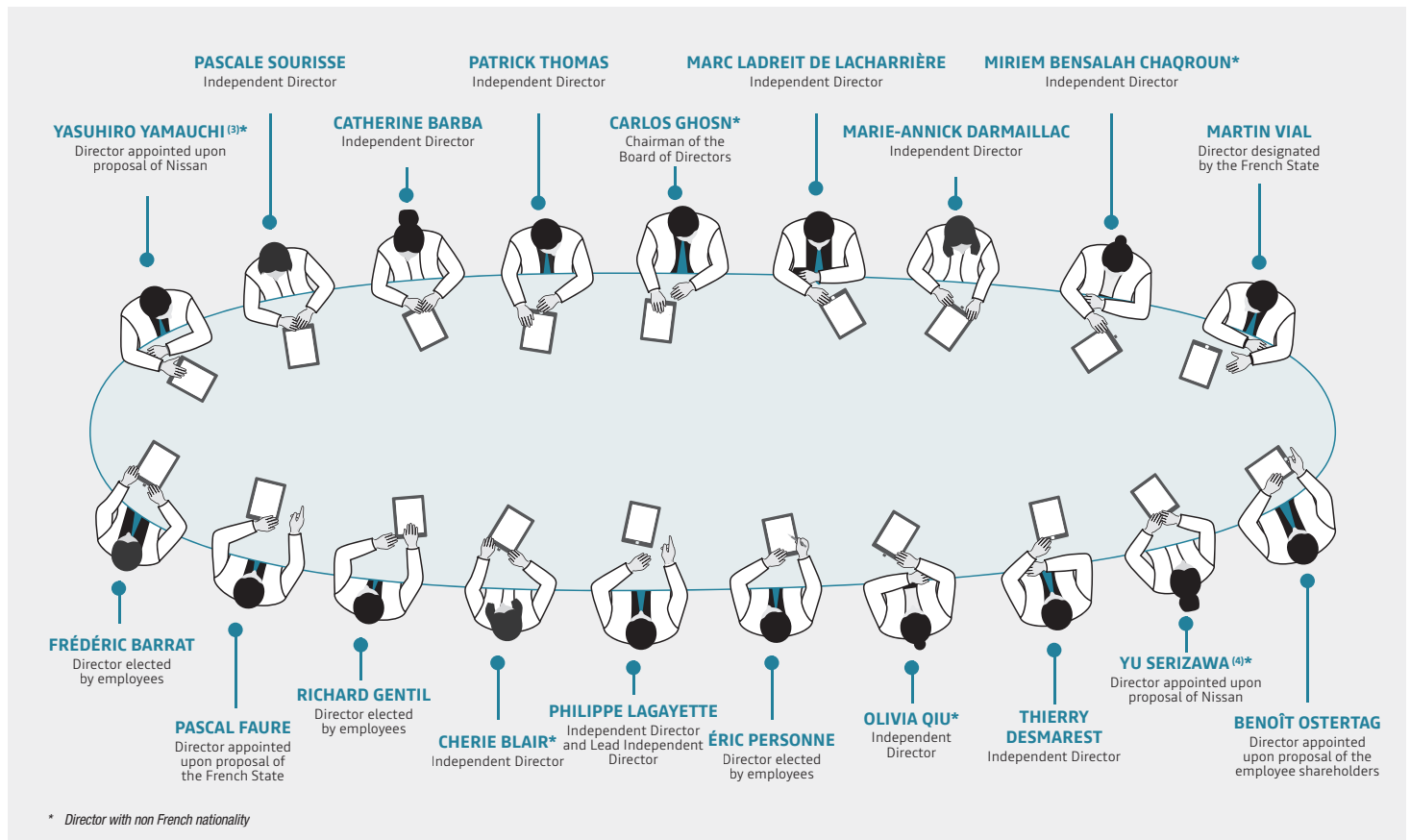
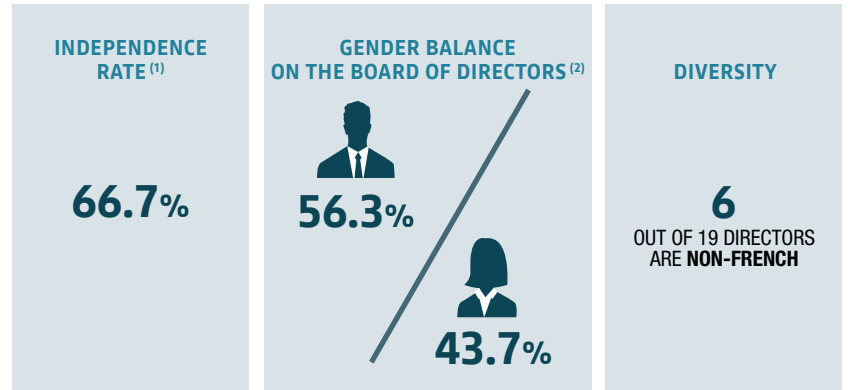
## CORPORATE GOVERNANCE

COMPOSITION, PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS

### Composition of the Board of Directors as of December 31, 2017

The Company is administered by a Board of Directors of **19 members** including:

- 15 DIRECTORS** appointed by the Annual General Meeting, including
  - 2** directors appointed upon proposal of Nissan ;
  - 1** director appointed upon proposal of the employee shareholders; and
  - 1** director appointed upon proposal of the French State.
- 1 DIRECTOR** designated by order, as representative of the French State.
- 3 DIRECTORS** elected by employees.



### Composition of the Board as of December 31, 2017

	CATHERINE BARBA	FRÉDÉRIC BARRAT	MIRIEM BENSALAH CHAÏROUN	CHÉRIE BLAIR	MARIE-ANNICK DARMAILLAC	THIERRY DESMAREST	PASCAL FAURE	RICHARD GENTIL	MARC LADREIT DE LACHARRIÈRE	PHILIPPE LAGAYETTE	BENOÎT OSTERTAG	ÉRIC PERSONNE	OLIVIA QIU	PASCAL SOURISSE	PATRICK THOMAS	MARTIN VIAL	YASUHIRO YAMAUCHI
APPOINTMENTS AND GOVERNANCE COMMITTEE		*			*			☆							*	*	
COMPENSATION COMMITTEE				*	*			*	*	*	*			☆			
AUDIT, RISKS AND ETHICS COMMITTEE			*						☆	*	*	*	*	*	*	*	
INTERNATIONAL AND INDUSTRIAL STRATEGY COMMITTEE		*	*		☆	*	*			*							*

\* Member ☆ Chairman

(1) Pursuant to the recommendations of the AFEP-MEDEF Code, excluding the directors representing the employees or those representing the employee shareholders.  
 (2) Pursuant to the legal provisions, excluding directors representing the employees.  
 (3) Mr Yasuhiro Yamauchi, Chief Competitive Officer at Nissan Motor Co. Ltd., was co-opted as a director, on the proposal of Nissan by the Board of Directors during its meeting held on February 9, 2017, to replace Mr Hiroto Saikawa, who resigned. This co-opting was ratified by the Annual General Meeting on June 15, 2017.  
 (4) Mrs Serizawa was co-opted by the Board of Directors during the meeting held on December 12, 2016, following the resignation of Miss Koike. This co-opting was ratified by the Annual General Meeting held on June 15, 2017, which also approved the renewal of her term of office for four years.

The number of Board members is due, firstly, to a desire to ensure the presence of a majority of Independent Directors and, secondly, to the significant number of directors appointed or designated directly pursuant to laws and regulations, the articles of incorporation, or agreements entered into with Nissan.

The composition of the Board seeks to achieve a balance between experience, skill, independence, and ethics, whilst maintaining balanced gender representation and recruitment diversity in line with the international nature of Groupe Renault. The Board thus comprises:

- seven women: Mrs Barba, Mrs Bensalah Chaqroun, Mrs Blair, Mrs Darmaillac, Mrs Qiu, Mrs Serizawa, and Mrs Sourisse. The Company complies with French Act no. 2011-103 of January 27, 2011 on balanced gender representation on boards of directors and supervisory boards and professional equality. Since the 2017 Annual General Meeting, the proportion of women members of the Board has been 43.7%;
- a large number of non-French directors (British, Brazilian, Japanese, Chinese, and Moroccan nationals), accounting for 31.6% of the Board members;
- three directors representing the employees; and
- one director representing employee shareholders.

Directors are selected on the basis of the criteria listed above, and more particularly by taking into account their experience and expertise (for instance the management of large, multinational groups, understanding of specific topics relating to Groupe Renault's business, knowledge of the markets in which the Company operates, and financial skills).

Following elections held within the Company in November 2016, the elected directors representing the employees are Messrs Richard Gentil, Éric Personne, and Frédéric Barrat, and the director representing employee shareholders is Mr Benoît Ostertag; they continued their training cycle in 2017. They have benefited from in-house training delivered by Groupe Renault's employees, as well as training courses delivered by third-party organisations. This training helps them to exercise their mandate to the fullest, by enabling them to quickly acquire the skills required to act as a company director. Their career trajectories and trade union involvement in Groupe Renault have also given them first-hand knowledge of the organisation and business of the Group (see the biographies in Chapter 3.1.2). It should be noted that the arrangements for implementing this training have long been compliant with the provisions of French Decree no. 2015-606 of June 3, 2015 on the training of directors representing employees.

With the exception of the directors appointed on the proposal of Nissan and the directors designated by the French State, no contracts or agreements have been concluded with main shareholders, clients, suppliers, or other parties allowing any of these persons or one of their representatives to be selected as a member of the Board or other Senior Management body in the Company, thus mitigating potential or actual conflicts of interest.

## Changes in the Board composition during the 2017 financial year

During the 2017 financial year, the composition of the Board of Directors changed as follows:

- Mrs Yu Serizawa was co-opted as a director, on the proposal of Nissan, at the Board meeting of December 12, 2016, to replace Miss Yuriko Koike, who resigned, for the remainder of her term of office. This co-opting was ratified by the Annual General Meeting on June 15, 2017, which also approved the renewal of her term of office for four years;
- following the elections held on January 2-12, 2017 in Groupe Renault, two candidates received more than 5% of votes in their favor: Mr Julien Thollot and Mr Benoît Ostertag. In this respect, and pursuant to the rules of procedure for the election, two resolutions were submitted to the Annual General Meeting on June 15, 2017 to choose the director representing the employees. Mr Benoît Ostertag won the most votes and his mandate was renewed for a term of four years;
- during the meeting of the Board of Directors on February 9, 2017, Mr Yasuhiro Yamauchi, Chief Competitive Officer at Nissan Motor Co. Ltd., was co-opted as a director, on the proposal of Nissan, to replace Mr Hiroto Saikawa, who resigned, for the remainder of his term of office, i.e. until the end of the Annual General Meeting of 2018 approving the 2017 financial statements. This co-opting was ratified by the Annual General Meeting on June 15, 2017;
- Mrs Catherine Barba was appointed as a director at the Annual General Meeting on June 15, 2017, to replace Mr Franck Riboud, who resigned, for the remainder of his term of office, i.e. until the end of the Annual General Meeting of 2018 approving the 2017 financial statements;
- Mrs Miriem Bensalah Chaqroun was appointed as a director at the Annual General Meeting on June 15, 2017, for a term of four years, to replace Mrs Dominique de la Garanderie whose term of office was ending;
- Mrs Marie-Annick Darmaillac was appointed as a director at the Annual General Meeting on June 15, 2017, for a term of four years, to replace Mr Alain Belda whose term of office was ending;
- Mr Martin Vial was designated by the French State as the State representative to the Board of Directors, pursuant to the provisions of Article 4 of French Order no. 2014-948 on corporate governance and equity transactions in publicly-owned companies;
- Mr Pascal Faure was appointed as a director, on the proposal of the French State, at the Annual General Meeting on June 15, 2017, for a term of four years, pursuant to the provisions of Article 6 of French Order no. 2014-948 on corporate governance and equity transactions in publicly-owned companies.

The term of office for directors is four years. Pursuant to the recommendations of the AFEP-MEDEF Code, these terms of office are staggered, to avoid them all ending and coming up for renewal at the same time.

## OVERVIEW OF THE TERMS OF OFFICE OF DIRECTORS

Year of expiry	Director	Method of appointment	Date of first appointment
2018	Mrs Barba *	Director elected by the Annual General Meeting	June 2017
	Mr Ghosn (Chairman and Chief Executive Officer)	Director elected by the Annual General Meeting	April 2002
	Mr Ladreit de Lacharrière *	Director elected by the Annual General Meeting	October 2002
	Mrs Sourisse * Mr Thomas * Mr Yamauchi	Director elected by the Annual General Meeting Director elected by the Annual General Meeting Director elected by the Annual General Meeting, proposed by Nissan	April 2010 April 2014 February 2017
2019	Mrs Blair *	Director elected by the Annual General Meeting	April 2015
	Mr Lagayette *	Director elected by the Annual General Meeting	May 2007
2020	Mr Barrat	Director elected by the employees	November 2016
	Mr Desmarest <sup>(1)</sup>	Director elected by the Annual General Meeting	April 2008
	Mr Gentil	Director elected by the employees	November 2012
	Mr Personne Mrs Qiu *	Director elected by the employees Director elected by the Annual General Meeting	November 2012 April 2016
2021	Mrs Bensalah Chaqroun *	Director elected by the Annual General Meeting	June 2017
	Mrs Darmailac *	Director elected by the Annual General Meeting	June 2017
	Mr Faure	Director elected by the Annual General Meeting, proposed by the French State	February 2013
	Mr Ostertag	Director elected by the Annual General Meeting, proposed by the employee shareholders	May 2011
	Mrs Serizawa	Director elected by the Annual General Meeting, proposed by Nissan	December 2016
N/A	M. Vial	Director designated by the French State	September 2015

\* Independent Director.

(1) Resigned as from February 15, 2018.

### 3.1.2 List of offices and functions exercised by the directors

#### Directors as at December 31, 2017

The main office or function exercised by a director is underlined.



#### CARLOS GHOSN

##### Chairman of the Board of Directors

**Birth date:**  
03/09/1954

**Nationality:**  
French-Brazilian

**Date of first appointment:**  
April 2002

**Start date of current term of office:** April 2014

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 537,920

#### BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born in March 1954, Carlos Ghosn is a graduate of the École Polytechnique and the École des Mines in Paris.

He joined Michelin in 1978 as Manager of the Le Puy plant in France. Then he led Michelin South America's business operations based in Brazil. In 1989 he became Chairman and Chief Executive Officer of Michelin North America. Carlos Ghosn joined Renault in 1996 as Deputy Chief Executive Officer. In addition to overseeing Renault's operations in the Mercosur, he was also responsible for research, engineering and Automotive development, manufacturing, powertrain operations and purchasing. In 1999, he became the Chief Executive Officer of Nissan Motor Co., Ltd. He was appointed as Chairman and Chief Executive Officer in 2001.

As well as being Chief Executive Officer of the Group since May 2005, he was still the Chairman and CEO of Nissan Motor Co., Ltd. He was appointed as Renault's Chairman and Chief Executive Officer in 2009, and reappointed in 2014. Carlos Ghosn left his position as Chief Executive Officer of Nissan Motor Co., Ltd on April 1, 2017, while keeping his office as Chairman. He has also served as Chairman of the Board of Directors of Mitsubishi Motors since December 2016.

Carlos Ghosn was also Chairman of the Board of Directors of Russian manufacturer AVTOVAZ from 2013 to 2016.

Finally, he is a member of the International Advisory Council of Beijing's Tsinghua University, and a member of the Strategic Council for Beirut's Saint Joseph University.

#### OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

##### CURRENT OFFICES

###### Listed companies:

Chairman and Chief Executive Officer of Renault SA (France)  
Since April 2017, Chairman of the Board of Directors of Nissan Motor Co., Ltd. (Japan)

Since December 2016, Chairman of the Board of Directors of Mitsubishi Motors Corporation (Japan)

###### Non-listed companies:

Chairman of Renault s.a.s. (France)

Chairman of Mobiliz Invest (France)

Chairman of the Management Board of Renault-Nissan b.v. (Netherlands)

Chairman of the Management Board of Nissan-Mitsubishi b.v. (Netherlands)

Chairman of the Management Board of Alliance Rostec Auto b.v. (Netherlands)

Chairman of the Board of Directors of Renault do Brasil (Brazil)

###### Other legal entities:

None

#### OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD

	Term expiry
Chairman of the Board of Directors of AVTOVAZ	2016
Chief Executive Officer of Nissan Motor Co., Ltd. (Japan)	2017



**CATHERINE BARBA**  
**Independent Director**

**Birth date:**  
02/28/1973

**Nationality:** French

**Date of first appointment:**  
June 2017

**Start date of current term of office:** June 2017

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 100

**Member of the Appointments and Governance Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Web pioneer, entrepreneur, business angel and speaker, Catherine Barba is an expert in e-commerce and digital transformation.

She developed the New-York-based PEPS Lab, a Retail Innovation Center that discovers the most promising retail omnichannel practices, from major retailers to fashion brands. Prior to that, a serial entrepreneur and digital pioneer in Europe, she founded several digital businesses in France. Her consulting firm, Malinea, which provides coaching and consulting to leaders of global organizations, helping them fuel innovation and accelerate transformation, was acquired in 2012 by the founders of Vente Privée, one of France's first unicorns. Her previous company Cashstore, a cash-back website partnering with over 1,200 e-commerce merchants, was acquired by Plebicom Group in 2010. She is also the author of several books about the future of retail, including "Stores are not dead".

As a thought leader in digital entrepreneurship, Catherine Barba had over 200 speaking engagements in 2015 alone. Since 2009, she served as a regular commentator on the leading French news programs and for the fourth year in a row, she has hosted a TV series aimed at amplifying the diversity of entrepreneurs in technology startups in France. A trusted advisor and mentor, she is one of the few French female business angels, and serves on the Board of several successful tech start-ups, including Leetchi, MangoPay, Reech and Retency, among others.

In 2015 and 2016, she was named one of 50 most influential figures in Europe's digital economy and in 2014 one of 3 most influential female figures in France. In 2012 her alma mater ESCP Europe named her "Alumni of the Year". Catherine Barba is a Knight of the French National Order of Merit and Knight of the National order of the Legion of Honour.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Member of the Supervisory Board of ETAM (France)

**Non-listed companies:**

Chairwoman of CB Group (SAS, France)

Director of Reech (France)

Director of RelevanC (France)

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

Director of Leetchi (France)	2015
Director of MangoPay (France)	2015
Director of So Shape (France)	2016
Director of Electronic Business Group (France)	2016



**FRÉDÉRIC BARRAT**

**Director elected by employees**

**Birth date:**  
09/05/1972

**Nationality:** French

**Date of first appointment:**  
November 2016

**Start date of current term of office:** November 2016

**Current term expires:**  
November 2020

**Number of registered shares held:** 166

**Member of the International and Industrial Strategy Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Holder of a BTS in automated manufacturing, Frédéric Barrat joined Renault in 1995 as an assessment and reception leader at the prototype manufacturing center in Guyancourt, the leading operating segment of the Guyancourt Technocentre. In December 1999, he joined the Quality department. His initial role was a quality assessment technician for new product launches, and he later went on to become a quality manager for the C and D segments. During this time, he notably led the quality assessment of the SCENIC II, the first Renault vehicle to be assessed using the new Renault-Nissan Alliance (AVES) rating guidelines. Since March 2005, he has worked on the Special Requirements operation (vehicle images), where he initially coordinated trial and preparation missions. His current role is leader of processes and planning for Special Requirements.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

None

**Non-listed companies:**

None

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

None

**MIRIEM BENSALAH CHAQROUN**

**Independent Director**

**Birth date:**  
11/14/1962

**Nationality:** Moroccan

**Date of first appointment:**  
June 2017

**Start date of current term of office:** June 2017

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 250

**Member of the International and Industrial Strategy Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Miriam Bensalah Chaqroun holds an MBA in International Management and Finance from the University of Dallas, Texas (USA).

She held various positions within the Société Marocaine de Dépôt et de Crédit from 1986 to 1989 before joining the Holmarcom Group (her family holding company, among the top five industrial and financial groups in Morocco) in 1989. Since then, she has been Group Director and CEO (Vice-President and Chief Executive Officer) of Les Eaux Minérales d'Oulmès.

As part of her professional activities, Miriem Bensalah Chaqroun is also Chairman of the Board of Orangina Morocco and Chief Executive Officer of Oulmès Drinks Development. In 2012, she was elected President of the Confédération Générale des Entreprises du Maroc, the Moroccan employers' association.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Vice-President and Chief Executive Officer of Les Eaux Minérales d'Oulmès (Morocco)

Director of Suez (France)

**Non-listed companies:**

Director of Holmarcom (Morocco)

*Miriam Bensalah Chaqroun holds several corporate offices with non-listed subsidiaries and/or participations of Les Eaux Minérales d'Oulmès. For the sake of clarity, not all of these offices are listed here.*

**Other legal entities:**

Member of the Board and Chairman of the Audit Committee of Bank Al Maghrib (Central Bank of Morocco, Morocco)

Chairman of the Confédération Générale des Entreprises du Maroc (Morocco)

Director of Al Akhawayn University (Morocco)

Chairman of the Centre Euro-Méditerranéen d'Arbitrage (Morocco)

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

Director of Eutelsat (France)

2017



**CHERIE BLAIR**  
**Independent Director**

**Birth date:**  
09/23/1954  
**Nationality:** British  
**Date of first appointment:**  
April 2015  
**Start date of current term of office:** April 2015  
**Current term expires:**  
2019 AGM  
**Number of registered shares held:** 100

**Member of the Audit, Risks and Ethics Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Cherie Blair CBE, QC, is as a leading barrister, specializing in human rights and international law. She was appointed as Queen's Counsel in 1995.

Through her role as Founder and Chair of Omnia Strategy LLP, Mrs Blair currently advises both governments and international corporations on how to sustain and improve strong human rights standards.

As a supporter of the United Nations Global Compact, she also advises businesses on implementing the UN Guiding Principles on Business and Human Rights and works to develop and strengthen corporate social responsibility practices.

With over 35 years of experience as a leading barrister, she has represented over 30 governments as well as numerous multinational corporations in international disputes. She is also an adviser to the B Team, a not-for-profit initiative formed by a group of global leaders, "to create a future where the purpose of business is to be a driving force for social, environmental and economic benefit".

Mrs Blair is Chancellor Emeritus and Honorary Fellow of Liverpool John Moores University; Governor Emeritus and Honorary Fellow of LSE and the Open University (D. Univ. Open 1999); LLD (Hons) University of Liverpool (2003); Hon.D.Lit UMIST (2003); Doctor of Law (University of Westminster). She is also the founder of the Cherie Blair Foundation for Women, which runs programs to support women entrepreneurs across the developing world, including Africa.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:** N/A  
None

**Non-listed companies:**

Founder and Chair, Omnia Strategy LLP, London (United Kingdom)

**Other legal entities:**

Founder, Cherie Blair Foundation for Women (United Kingdom)

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

None



**MARIE-ANNICK DARMAILLAC**  
**Independent Director**

**Birth date:**  
11/24/1954  
**Nationality:** French  
**Date of first appointment:**  
June 2017  
**Start date of current term of office:** June 2017  
**Current term expires:**  
2018 AGM  
**Number of registered shares held:** 100

**Member of the Appointments and Governance Committee**  
**Member of the Compensation Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

A magistrate by training, Marie-Annick Darmaillacq successively held the positions of judge at the Versailles Court and bureau head at the DGCCRF (the French Directorate-General for Competition, Consumer Affairs and Prevention of Fraud). She was subsequently Deputy Director of Continuing Education at the École Nationale de la Magistrature and Technical Advisor to the French Ministry of Justice.

Marie-Annick Darmaillacq also held the position of Deputy of the Mediator of the French Republic, before being appointed Secretary General of the Public Prosecutor's Office of the Court of Appeal of Paris and Sub-prefect of the City of Paris until October 2005. She then joined the Bolloré Group, where, as Deputy General Secretary, she was responsible in particular for oversight of the management of the Group's major talents as well as ethical and sustainable development issues.

Prior to that, from October 2015 until her appointment at Vivendi, Marie-Annick Darmaillacq was Director of Internal Talent Promotion and Development for the Canal+ group. In January 2017, she joined Vivendi as Corporate Social Responsibility (CSR) Director.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Permanent Representative of Financière V on the Board of Bolloré (France)

Permanent Representative of Financière V on the Board of Financière de l'Odet (France)

Permanent Representative of Socfrance on the Board of Société Industrielle et Financière de l'Artois (France)

Permanent Representative of the Société des Chemins de fers & Tramways du Var et du Gard on the Board of Financière Moncey (France)

**Non-listed companies:**

President of the Société Immobilière Mount Vernon (France)

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

None



### THIERRY DESMAREST

#### Independent Director

**Birth date:**  
12/18/1945

**Nationality:** French

**Date of first appointment:**  
April 2008

**Start date of current term of office:** April 2016

**Current term expires:**  
2020 AGM\*

**Number of registered shares held:** 1,500

\* Resigned as from  
February 15, 2018

### Chairman of the International and Industrial Strategy Committee

### Member of the Compensation Committee

#### BIOGRAPHY – PROFESSIONAL EXPERIENCE

Thierry Desmarest is a graduate of the École Polytechnique and an engineer at the Corps des Mines (Mines Inspectorate). Thierry Desmarest spent four years at the New Caledonia Mines Directorate, before becoming a Technical Advisor to the Office of the Minister for Industry in 1975, then to the Office of the Minister for the Economy in 1978.

In 1981 he joined Total and took over the management of Total Algeria, followed by various management roles for Total Exploration Production, for which he became the Chief Executive Officer in 1989 and a member of the Executive Committee.

He was appointed as Chairman and Chief Executive Officer of Total in 1995, TotalFina in 1999, and then Elf Aquitaine and TotalFinaElf in 2000.

He served as the Chairman and Chief Executive Officer of Total SA from 2003 to February 2007, when he became Chairman of the Board of Directors. Mr. Desmarest was appointed Honorary Chairman of Total SA in May 2010 and remains director. He returned to the role of Chairman of the Board of Directors of Total SA from October 2014 to December 2015. He also chairs Total SA's Governance and Ethics Committee and Strategic Committee.

#### OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

##### CURRENT OFFICES

**Listed companies:**

None

**Non-listed companies:**

None

**Other legal entities:**

President of the Total Foundation (France)

#### OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD

	Term expiry
Director of the Musée du Louvre (France)	2014
Director of the École Polytechnique (France)	2014
Chairman of Fondation de l'École Polytechnique (France)	2014
Director of Sanofi (France)	2014
Director of Bombardier Inc. (Canada)	2014
Chairman of the Board of Directors of Total SA (France)	2015
Honorary Chairman of Total SA (France)	2016
Independent Director and Lead Director of Air Liquide (France)	2017





## PASCAL FAURE

### Director appointed upon proposal of the French State

**Birth date:**  
02/01/1963

**Nationality:** French

**Date of first appointment:**  
February 2013

**Start date of current term of office:** June 2017

**Current term expires:**  
2021 AGM

**Number of registered shares held:** N/A

### Member of the International and Industrial Strategy Committee

#### BIOGRAPHY – PROFESSIONAL EXPERIENCE

Pascal Faure is an engineering graduate of the École des Mines, and a graduate of the École Polytechnique (1983) and the École Nationale Supérieure des Télécommunications (ENST) in Paris (1988). He began his career in R&D at Bell Laboratories (PA, United States), followed by Apple Computer (CA, United States), and then the Centre National d'Études des Télécommunications (France Télécom/CNET) as a project manager in securing communications and cryptology.

From 1992 to 1995, he worked for the French Budget Ministry on the budget allocation of the administrative policy on IT; he was then appointed technical advisor responsible for budgetary, tax, employment and land planning affairs for the French Minister for Tourism, and later for the Minister for Land and Cities Planning and Integration.

From 1997 to 2001, Pascal Faure performed the role of Director of Development, Financial Affairs and Deputy to the Director General of the Institut Télécom. He was then appointed Deputy Technical Director at the French Ministry of Defense.

At the same time, he was President of the Association of Telecoms Engineers from 2001 to 2006.

Between 2007 and 2012, Pascal Faure was successively appointed Vice-Chairman of the Conseil Général des Technologies de l'Information (CGTI), then Vice-Chairman of the Conseil Général de l'Industrie, de l'Énergie et des Technologies (CGIET), and finally Vice-Chairman of the Conseil Général de l'Économie, de l'Industrie, de l'Énergie et des Technologies (CGEJET).

From December 2012 to September 2014, Pascal Faure held the position of Director General of competitiveness, industry and services.

On September 18, 2014, he was appointed Directeur Général des Entreprises.

Co-founder of the collection of works Territoires de l'information; co-director of works: Nouvelles technologies, nouvel état (1999), Éthique et société de l'information (2000) Media@media (2001).

He is an Officer of the French Legion of Honor (Officier de la Légion d'Honneur), an Officer of the French National Order of Merit (Officier de l'Ordre National du Mérite) and an Officer of the Academic Palms (Officier des Palmes Académiques).

### OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

#### CURRENT OFFICES

##### Listed companies:

Member of the Board of Directors (non-voting director) of Areva SA (France)

##### Non-listed companies:

Government Representative on the Board of La Poste (France)

Director representing the French State at Bpifrance Participations and Bpifrance Investissement (France)

##### Other legal entities:

Member of the Committee for the Atomic Energy (France)

Director representing the French State at Mines Paris Tech (France)

Director representing the French State at the French Agency for Research (France)

#### OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD

	Term expiry
Director representing the French State at Française des Jeux (France)	2013
Director representing the French State at France Télécom (France)	2013
Director (representing the French State) of Alstom (France)	2017

**RICHARD GENTIL****Director elected  
by employees****Birth date:**  
04/29/1968**Nationality:** French**Date of first appointment:**  
November 2012**Start date of current term  
of office:** November 2016**Current term expires:**  
November 2020**Number of registered  
shares held:** 1**Member of the International  
and Industrial Strategy Committee****BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Richard Gentil was hired as a maintenance technician at the Fonderie (foundry) in 1988. He specializes in hydraulics, pneumatics and gas for the whole foundry. Holding electro-technical and electro-mechanical vocational certificates (BEP and CAP) and a Baccaauréat in the maintenance of Automated Mechanical Systems, he speaks and writes English fluently. He is a member of the Solidarity Committee of the Works Council of Renault Cléon.

**OFFICES AND OTHER FUNCTIONS  
IN FRENCH AND INTERNATIONAL COMPANIES****CURRENT OFFICES****Listed companies:**

None

**Non-listed companies:**

None

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST  
FIVE YEARS NO LONGER HELD****Term expiry**

None



**MARC LADREIT  
DE LACHARRIÈRE**

**Independent Director**

**Birth date:**  
11/06/1940

**Nationality:** French

**Date of first appointment:**  
October 2002

**Start date of current term  
of office:** April 2014

**Current term expires:**  
2018 AGM

**Number of registered  
shares held:** 1,020

**Chairman of the Appointments  
and Governance Committee  
Member of the Compensation Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

After studying economics in Paris, Marc Ladreit de Lacharrière was admitted to the *École Nationale d'Administration* (ENA), "Robespierre" class (January 1968–May 1970).

He held various management positions at Banque Indosuez until 1976, before joining the L'Oréal group and becoming its Vice-Chairman and Vice-Chief Executive Officer (1984-1991). At the same time, he served as Director of Synthélabo (1986-1991), Crédit Lyonnais, Air France, France Télécom, Musée du Louvre and L'Oréal.

He is the Chairman of a French intellectual journal *La Revue des Deux Mondes*.

He is a sponsor of the Musée du Louvre, and was elected to the Académie des Beaux-Arts in 2006 succeeding Gérard Van der Kemp (free members category). In the same year he founded and financed the Fondation Culture & Diversité to help young people "from priority education schools".

In 2007 he took on the role of Chairman of the Board of Directors for the *Agence internationale des musées de France* (France Museums), a body which is notably in charge of completing the Musée du Louvre in Abu Dhabi.

He was awarded the Grand Cross of the French Legion of Honor (*Grand-Croix de la Légion d'honneur*) on December 31, 2010.

**OFFICES AND OTHER FUNCTIONS IN FRENCH  
AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Chairman and Chief Executive Officer of Fimalac (France)  
Director of Fermière du Casino Municipal de Cannes (France)  
Permanent Representative of Fimalac on the Board of Directors of NextRadio TV (France)

**Non-listed companies:**

Chairman of the Executive Board of the Marc de Lacharrière group (France)  
Chairman of the Board of Directors of Fitch group Inc. (USA)  
Chairman of the Supervisory Board of Webedia (France)  
Director of the Lucien Barrière SAS group (France)  
Manager of Fimalac Participations Sarl (Luxembourg)  
Permanent Representative of Financière de l'Océan Indien (SAS) on the Board of Directors of Ciel Ltd (Mauritius)  
Director of Gilbert Coullier Productions (SAS)

**Other legal entities:**

Member of the Institut (Académie des Beaux-Arts) (France)  
Chairman of the Board of Directors of Agence France Museums (France)  
Chairman of the Fondation Culture et Diversité (France)  
*Conseil artistique des Musées Nationaux* (France)  
Honorary Chairman of the French National Committee of Foreign Trade Advisors (Comité National des Conseillers du Commerce Extérieur de la France) (France)

**OFFICES IN OTHER COMPANIES IN THE PAST  
FIVE YEARS NO LONGER HELD**

	<b>Term expiry</b>
Director of the Musée des Arts Décoratifs (France)	2013
Chairman of the Abbaye de Lubilhac endowment fund (France)	2013
Director of the Fondation Bettencourt Schueller (France)	2013
Director of L'Oréal (France)	2014
Director of the Casino group (France)	2016
Director of the Fondation Nationale des Sciences Politiques (France)	2016





**PHILIPPE LAGAYETTE**  
Independent Director

**Birth date:**  
06/16/1943

**Nationality:** French

**Date of first appointment:**  
May 2007

**Start date of current term of office:** April 2015

**Current term expires:**  
2019 AGM

**Number of registered shares held:** 1,560

**Lead Independent Director**  
**Chairman of the Audit, Risks and Ethics Committee**  
**Member of the Compensation Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Philippe Lagayette is a graduate of the École Polytechnique and the École Nationale d'Administration (ENA). He began his career in 1970 in the General Inspectorate of Finance.

In 1974, he joined the Treasury department at the French Ministry of Economy and Finance, and was promoted to Deputy Director in 1980. He was appointed Chief of Staff at the Ministry of Economy and Finance in 1981, before moving to the Banque de France as Deputy Governor in 1984. In 1992, Philippe Lagayette was appointed Chief Executive Officer of Caisse des Dépôts et Consignations, a post he held until December 1997.

He headed JP Morgan's activities in France from 1998 to August 2008 and then became Vice-Chairman for the EMEA Region until January 2010.

He was a Senior Advisor for Barclays in France from 2011 to 2016.

Mr. Lagayette is a Commander of the French Legion of Honor (*Commandeur de la Légion d'Honneur*) and Commander of the French Order of Merit (*Commandeur de l'Ordre du Mérite*).

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Director of Fimalac (France)

**Non-listed companies:**

Chairman of PL Conseils (France)

**Other legal entities:**

Chairman of the Fondation de France (France)

Chairman of the Fondation de Coopération Scientifique for Alzheimer's research (France)

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

	Term expiry
Director of Kering (formerly PPR) (France)	2016



**BENOÎT OSTERTAG**  
Director elected upon proposal of the employee shareholders

**Birth date:**  
08/02/1965

**Nationality:** French

**Date of first appointment:**  
May 2011

**Start date of current term of office:** June 2017

**Current term expires:**  
2021 AGM

**Number of registered shares held:** 105 shares in an FCPE mutual fund

**Member of the Audit, Risks and Ethics Committee**  
**Member of the International and Industrial Strategy Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

A graduate of the École Centrale de Paris, Benoît Ostertag started his engineering career at Renault in 1990.

He then worked as a project manager and team leader in mechanical engineering at the Lardy and Rueil sites. He currently works in the Quality department at the Guyancourt Technocentre supporting various Renault engineering projects worldwide.

At the same time, he has served as a CFDT trade union representative on the Works Council since 1996 and on the Renault Central Works Council from 2006 to 2011. Through his professional and trade union career, he has acquired extensive knowledge of Renault, both in France and abroad.

Since 2012, he has been the Chairman of the Supervisory Board of the FCPE Actions Renault, a savings plan for employee shareholders.

Since 2015, he has also been the Chairman of the Supervisory Board of the FCPE Renault Mobiliz solidaire, a solidarity-based savings plan for Renault employees based on socially responsible funds. He has represented employee shareholders on Groupe Renault Board of Directors since May 2011.

Convinced that Renault's performance and sustainability are inseparable from corporate social responsibility (CSR), he is developing and sharing his CSR expertise.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

None

**Non-listed companies:**

None

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

	Term expiry
None	

COMPOSITION, PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS



**ÉRIC PERSONNE**

**Director elected by employees**

**Birth date:**  
10/14/1962

**Nationality:** French

**Date of first appointment:**  
November 2012

**Start date of current term of office:** November 2016

**Current term expires:**  
November 2020

**Number of registered shares held:** 100

**Member of the Compensation Committee  
Member of the Audit, Risks  
and Ethics Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

After starting his career as a photographer, Éric Personne became a Renault employee in 1988 and led a 15-member team selling 250 vehicles per year. In 2002 he joined the Renault Retail Group where he performed a number of roles including head of after-sales and head of ISO certification. Since 2007, Éric Personne has been responsible for commercial and quality reporting for Renault Retail Group. From 2005 to 2012, he served as a CFE-CGC representative on the Renault Works Council, and has built up more than 30 years of experience in employer and employee industrial action in his various professional circles.

**OFFICES AND OTHER FUNCTIONS IN FRENCH  
AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

None

**Non-listed companies:**

None

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST  
FIVE YEARS NO LONGER HELD**

**Term expiry**

None



**OLIVIA RONGHONG QIU**

**Independent Director**

**Birth date:**  
08/19/1966

**Nationality:** French, Chinese

**Date of first appointment:**  
April 2016

**Start date of current term of office:** April 2016

**Current term expires:**  
2020 AGM

**Number of registered shares held:** 800

**Member of the Audit, Risks  
and Ethics Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Olivia Qiu studied engineering at Nankai University and holds a degree in electronics from the China Electronic Science and Technology University (UESTC) and a Ph.D. in management science from the École Supérieure des Affaires de Grenoble.

Starting in 1987, Olivia Qiu was an engineer responsible for military radar design then for Research and Development at the China Chengdu Design Institute No. 784.

She joined Alcatel in 1997 as a project manager responsible for negotiating three joint-ventures for Alcatel China Cable Sector. In 1998, she was appointed Sales Director of the Alcatel East China Region then, in 2000, Commercial Operations Director. In 2002, she became Marketing and 3G Operations Director for Alcatel Shanghai Bell, and from 2004 to 2005, Asia-Pacific Region Business Development Director for Alcatel.

Starting in 2005, she managed the commercial activities, marketing, technical solutions and service implementation at Alcatel China. In 2008, she was appointed Regional Director for East Asia, Chief Executive Officer of Alcatel-Lucent Shanghai Bell.

Olivia Qiu was Chief Executive Officer in charge of "Strategic Industries Business Group" at Alcatel-Lucent until 2013.

She is currently Chief Innovation Officer at Philips Lighting.

**OFFICES AND OTHER FUNCTIONS IN FRENCH  
AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Director of Saint-Gobain SA (France)

**Non-listed companies:**

None

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST  
FIVE YEARS NO LONGER HELD**

**Term expiry**

*Olivia Qiu has held numerous corporate offices with subsidiaries of Alcatel-Lucent. For the sake of clarity, these offices are not listed here.*





### YU SERIZAWA

#### Director appointed upon proposal of Nissan

**Birth date:**  
07/25/1958

**Nationality:** Japanese

**Date of first appointment:**  
December 2016

**Start date of current term of office:**  
December 12, 2016

**Current term expires:**  
2021 AGM

**Number of registered shares held:** 100

#### BIOGRAPHY – PROFESSIONAL EXPERIENCE

After a short period at Crédit Lyonnais (Tokyo Branch and Paris head office), Yu Serizawa was involved in the creation of InfoPlus Incorporated in 1985, and then founded Forma Corporation in 1992.

Yu Serizawa was Senior Advisor for Japan to the World Economic Forum until 2004.

Since 2000, she has been a Senior Advisor to the President of Mori Building Company Limited.

#### OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

##### CURRENT OFFICES

###### Listed companies:

None

###### Non-listed companies:

President and Chief Executive Officer of Forma Corporation (Japan)

Advisor to the President of Mori Building Company, Limited (Japan)

###### Other legal entities:

Director General for International Affairs, Science and Technology in Society Forum (non-profit organization, Japan)

Director of the Japanese Committee of Honour, Royal Academy of Arts (United Kingdom)

Auditor for Daisen-In Temple, Daitokuji (Kyoto, Japan)

#### OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD

	Term expiry
Secretary General for International Affairs, Science and Technology in Society Forum (Japan)	2013



### PASCALE SOURISSE

#### Independent Director

**Birth date:**  
03/07/1962

**Nationality:** French

**Date of first appointment:**  
April 2010

**Start date of current term of office:** April 2014

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 1,000

#### Member of the Audit, Risks and Ethics Committee

##### BIOGRAPHY – PROFESSIONAL EXPERIENCE

Pascale Sourisse is a graduate of the École Polytechnique and the École Nationale Supérieure des Télécommunications (ENST).

She began her career holding management positions within France Télécom, Jeumont-Schneider and Compagnie Générale des Eaux, as well as with the French Ministry of Industry, followed by Alcatel. In 2001 she became President and Chief Executive Officer of Alcatel Space and then of Alcatel Alenia Space in 2005. In 2007, she was appointed Deputy Chief Executive Officer of Thales, a member of the Executive Committee, responsible for the Space division and Chairman and Chief Executive Officer of Thales Alenia Space. In 2008, she was appointed Senior Vice-President and Chief Executive Officer of Thales' Land & Joint Systems division and in February 2010, became Senior Vice-Chairwoman of the Defense & Security C4I Systems division. Since 2012 she has also served as Chairwoman and Chief Executive Officer of Thales Communications & Security, and President of Thales Services.

Since February 2013, she has been Senior Executive Vice-President of International Development for the Thales Group.

Pascale Sourisse is an Officer of the French Legion of Honor (*Officier de la Légion d'Honneur*) and Commander of the French Order of Merit (*Commandeur de l'Ordre du Mérite*).

#### OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

##### CURRENT OFFICES

###### Listed companies:

Director, member of the Appointments and Governance Committee and the Compensation Committee of Vinci (France)

###### Non-listed companies:

Chairwoman of Thales International SAS (France)

Chairwoman of Thales Europe SAS (France)

Permanent Representative of Thales in its capacity of Director of ODAS (France)

Member of the ODAS Compensation Committee (France)

###### Other legal entities:

Member of the National Academy of Technology (France)

#### OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD

	Term expiry
Permanent Representative of Thales in its capacity as Director of SOFRESA (France)	2015
Director of the Agence Nationale de la Recherche (France)	2016
Président of Conseil d'école de Télécom Paris Tech (France)	2017
Director of the Agence nationale des fréquences (France)	2017
Director, member of the Audit and Ethics Committee of Areva SA (France)	2017

*Pascale Sourisse has held numerous corporate offices with subsidiaries of Thales and Australian Defence Industries. For the sake of clarity, not all of these offices are listed here.*



**PATRICK THOMAS**  
**Independent Director**

**Birth date:**  
06/16/1947

**Nationality:** French

**Date of first appointment:**  
2014 AGM

**Start date of current term of office:** April 2014

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 100

**Chairman of the Compensation Committee**  
**Member of the Audit, Risks and Ethics Committee**  
**Member of the Appointments and Governance Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

After graduating from the École Supérieure de Commerce de Paris (ESCP), Patrick Thomas chaired the Lancaster group from 1997 to 2000, and from 2000 to 2003 served as Chairman and Chief Executive Officer of the British company William Grant & Sons.

Patrick Thomas served as Chief Executive Officer of Hermès International from 1989 to 1997. On July 15, 2003 he rejoined the Hermès group as Chief Executive Officer of Hermès International before being appointed manager, a role which he performed from September 15, 2004 until his retirement on January 31, 2014.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Vice-Chairman of the Supervisory Board and Chairman of the Compensation Committee of Laurent Perrier (France)

**Non-listed companies:**

Member of the Supervisory Board of Leica Camera AG (Germany)

Member of the Supervisory Board of Château Palmer (France)  
Chairman of the Supervisory Committee, of the Compensation Committee and of the Investment Committee of Ardian Holding (France) Vice-Chairman of the Supervisory Board of Massilly Holding (France)

Chairman of the Board and Director of Shang Xia Trading (Shanghai)

Chairman and Director of Full More Group (Hong Kong)

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

*Patrick Thomas has held numerous corporate offices within the Hermès group's subsidiaries. For the sake of clarity, not all of these offices are listed here.*



**MARTIN VIAL**  
**Director designated by the French State**

**Birth date:**  
02/08/1954

**Nationality:** French

**Date of first appointment:**  
September 2015

**Start date of current term of office:** September 2015

**Current term expires:** N/A

**Number of registered shares held:** N/A

**Member of the Audit, Risks and Ethics Committee**  
**Member of the Appointments and Governance Committee**

**BIOGRAPHY – PROFESSIONAL EXPERIENCE**

After graduating from the École supérieure des sciences économiques et commerciales (ESSEC) and the École Nationale Supérieure des Postes et Télécommunications, Martin Vial began his career as Director of PTT (French administration for postal services and telecommunications) within the Finance Department of the Direction Générale des Postes. In 1986 he joined the Treasury Department at the French Ministry for the Economy and Finance. He assumed a series of positions between 1988 and 1993, including Technical Advisor, Deputy Chief of Staff and Chief of Staff of the Ministry of Postal Services, Telecommunications and Space, the Ministry of Infrastructure, Housing and Transport, and finally the Ministry of Postal Services and Telecommunications. In 1993, Martin Vial was appointed Chairman and Chief Executive Officer of Aéropostale and was elected Chairman of the CSTA (French air transport association) and the FNAM (Fédération Nationale de l'Aviation Marchande). At the end of 1997, he became Chief Executive Officer of La Poste group. In September 2000, he was appointed both Chairman of the La Poste group and Vice-President of the Caisse Nationale de Prévoyance (CNP). Martin Vial joined the Cour des Comptes in September 2002 as a Conseiller-Maître. From 2003 to 2014, he was Chief Executive Officer of the Europ Assistance group, the world leader in care services, and Director and Chief Executive Officer of Europ Assistance Holding. He also chairs several boards of directors for the companies of this group. In January 2015 he founded Premium Care, a care company for the elderly.

He has been Commissioner for the French State Holdings (*Commissaire aux Participations de l'État*) since August 2015.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES**

**CURRENT OFFICES**

**Listed companies:**

Director and member of the Strategy Committee and of the Appointments and Compensation Committee of EDF (France)

**Non-listed companies:**

Director of Bpifrance SA (France)

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

Director of Homair vacances (France)	2014
Director of Business Solutions Capital (France)	2014
Director of Europ Assistance South Africa, Germany, China, Spain, Italy, Portugal	2014
Chairman of Europ Assistance Brazil, Belgium, France, UK, USA, CSA	2014
Director and Chief Executive Officer of the Europ Assistance group	2014
Director and member of the Strategy Committee and of the Governance and Appointments of Thales	2017



**YASUHIRO YAMAUCHI****Director appointed upon proposal of Nissan**

**Birth date:**  
02/02/1956

**Nationality:** Japanese

**Date of first appointment:**  
February 2017

**Start date of current term of office:** February 2017

**Current term expires:**  
2018 AGM

**Number of registered shares held:** 2,785

**Member of the International and Industrial Strategy Committee****BIOGRAPHY-PROFESSIONAL EXPERIENCE**

Yasuhiro Yamauchi holds a degree in Social Sciences from the International Christian University, College of Liberal Arts. He joined Nissan Motor Co., Ltd. in 1981, where he held various management positions in the Purchasing Department, as well as in Renault-Nissan Purchasing Organization (RNPO). He joined RNPO in April 2008 as Senior Vice-President in charge of Purchasing.

In April 2014, Yasuhiro Yamauchi was appointed Alliance Global Vice-President, Senior Vice-President, Alliance Purchasing, in charge of the convergence of Management and Human Resources of the Renault and Nissan Purchasing, Engineering, Manufacturing & Supply Chain Departments.

In November 2016, he was appointed Chief Competitive Officer of Nissan Motor Co., Ltd. He is responsible for global manufacturing and Research and Development, as well as Purchasing, Manufacturing, Supply Chain Management, R&D, Connected Vehicles and Mobility Services for the Alliance. His role is to ensure that Nissan Motor Co., Ltd. maintains its competitiveness in the global market.

**OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES****CURRENT OFFICES****Listed companies:**

Chief Competitive Officer of Nissan Motor Co., Ltd. (Japan)

**Non-listed companies:**

Director of Renault Nissan b.v. (Netherlands)

**Other legal entities:**

None

**OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD**

**Term expiry**

None

The business address of all directors in the context of their duties is that of the Company's registered office (see section 5.1.1.1).

During its meeting held on February 15, 2018, on the proposal of the Appointments and Governance Committee, the Board of Directors decided to propose the following changes in the Board composition to the Annual General Meeting of June 15, 2018:

- the renewal of Mr Carlos Ghosn's directorship, in view of the renewal of his offices as Chairman and Chief Executive Officer of the Company;
- the ratification of Mr Thierry Derez's co-opting as an Independent Director, replacing Mr Thierry Desmarest who decided to resign from

his directorship and from his chairmanship of the International and Industrial Strategy Committee and his membership of the Compensation Committee, for personal reasons, effective as of the Board Meeting held on February 15, 2018;

- the appointment of Mr Pierre Fleuriot as Independent Director, replacing Mr Marc Ladreit de Lacharrière, who has reached the age limit set by the Company's articles of incorporation and whose directorship cannot therefore be renewed;
- the renewal of the directorships of Mrs Pascale Sourisse and Mrs Catherine Barba, and of Messrs. Patrick Thomas and Yasuhiro Yamauchi.

Following the Annual General Meeting on June 15, 2018, subject to approval of the resolutions presented by the Board of Directors, the composition of the Board of Directors will be as follows:

	Composition following the 2017 Annual General Meeting	Composition following the 2018 Annual General Meeting
Independence rate	66.7% <sup>(1)</sup>	66.7%
Feminisation rate	43.7% <sup>(2)</sup>	43.7% <sup>(2)</sup>
Rate of non-French directors	37.5% <sup>(3)</sup>	37.5% <sup>(3)</sup>

(1) The figure is 66.7% if Mr Ladreit de Lacharrière is counted as an Independent Director, and 60% if he is considered to be a non-Independent Director on the basis of his seniority of over 12 years on the Board of Directors. Pursuant to the recommendation of the AFEP-MEDEF Code, the directors representing the employees and the directors representing employee shareholders are not taken into account when calculating the independence rate of the Board of Directors.

(2) Pursuant to Article L. 225-27 of the French Commercial Code, the directors representing the employees are not taken into account when calculating the percentage of women on the Board of Directors. However, the director elected on the proposal of the employee shareholders is taken into account when calculating this percentage.

(3) For the purposes of coherence, the directors representing the employees are not taken into account when calculating the percentage of non-French directors.

Following the Annual General Meeting on June 15, 2018, subject to the favorable vote of the shareholders:

- the independence rate of the Board will remain above that recommended by the AFEP-MEDEF Code; and
- the feminisation rate will be above that required by law (namely a proportion of women of at least 40%).



## 3.1.3 Additional information about the directors

### 3.1.3.1 Rights and obligations of the directors

The Board Charter specifies the rights and obligations of the Company directors with respect to:

- knowledge of the legal environment of public limited companies (*société anonyme*) and the articles of incorporation of the Company;
- the right to receive information and the duty to provide information;
- the duty of care;
- the duty of loyalty;
- professional secrecy and privileged information;
- holding shares in the Company. Pursuant to the AFEP-MEDEF Code, the Board Charter recommends that the directors hold a significant number of shares in view of the attendance fees received <sup>(1)</sup>, except for directors who do not personally receive attendance fees. In this respect, the directors representing the employees and employee shareholders do not personally receive attendance fees (these being passed on to their respective trade unions); they are therefore not required to hold a significant number of shares in the Company. Furthermore, legislation prohibits directors designated by the French State from personally owning shares; and
- compensation and expenses claims.

### 3.1.3.2 No convictions

To the best of the knowledge of Groupe Renault, none of the Board members, and none of the main executives of the Company has, during the course of the past five years:

- been convicted of fraud;
- taken part as an executive in bankruptcy, receivership, or liquidation proceedings;
- been the subject of any charge and/or official public sanction pronounced by a statutory or regulatory authority; or
- been prevented by a court from acting as a member of an administrative, management, or supervisory body of an issuer, or from taking part in managing or conducting the business of an issuer.

### 3.1.3.3 No conflicts of interest

To the best of the knowledge of the Company, there is no conflict of interest between any of the private interests of the Company directors and their duties towards the Company.

There are no family ties between the members of the Board of Directors.

The corporate officers are not bound to the Company or any of its subsidiaries by a service contract providing for any form of benefit to be granted.

## 3.1.4 Board organisation, operation and missions

### EFFECTIVE AND BALANCED GOVERNANCE

In 2009, the Board of Directors adopted a governance method that combines the offices of the Chairman of the Board of Directors and Chief Executive Officer, these offices having been performed by Mr Ghosn since that date. The Board of Directors has noted the efficiency of this governance structure, which provides a greater degree of agility in decision-making, and improves and maintains the cohesion of the organisation as a whole.

In view of this combination of the offices of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors has taken care to implement various measures aimed at ensuring a balance of powers, in line with best governance practices:

- the presence of a majority of Independent Directors on the Board of Directors;
- the presence of a Lead Independent Director, Mr Lagayette, chosen from among the Independent Directors, whose role is described below;
- limitations on the powers of the Chairman and Chief Executive Officer, set forth in the Board Charter.

These measures, together with the active role played by the Lead Independent Director and the other Independent Directors, contribute to balanced governance within the Board of Directors and its committees, and have proved to be effective over the course of recent years.

(1) Renault's directors hold approximately 0.18% of its share capital, not including the French State's stake.



### 3.1.4.1 Operation of the Board

The Company's articles of incorporation specify that the Board of Directors must appoint one of its members as its Chairman; this must be a natural person, who may be elected for more than one term.

The other rules governing the operation of the Board of Directors are specified in the Board Charter.

#### Board Charter provisions governing the operation of the Board of Directors

Proceedings of the Board of Directors and meetings of the Board committees may take any technical form whatsoever, provided the effective participation of the directors can be assured.

Directors taking part in the proceedings of the Board using any such means are deemed to be present for the purposes of calculating the quorum and majority, except for meetings relating to the approval of the corporate financial statements and consolidated financial statements, the appointment and dismissal of the Chairman of the Board of Directors, the Chief Executive Officer, or a Deputy Chief Executive Officer, for which the physical presence of the directors is required.

Notices to attend may be served by any means and may be sent out by the Secretary of the Board.

The Board of Directors passes resolutions on the basis of documents sent out to each director at least five days prior to the meeting of the Board of Directors.

However, in the event such documents are submitted beforehand to a Board committee meeting within a shorter amount of time, they shall be circulated to the directors after the committee meeting in question.

In the case of emergency or practical impossibility, the agenda and documents relating to the items on which the Board of Directors is to take decisions shall be sent at least 24 hours prior to the meeting of the Board of Directors.

Minutes of the proceedings of each meeting of the Board of Directors shall be drafted pursuant to the legal provisions in force.

According to the AFEP-MEDEF Code, companies having a Board of Directors may choose between the separation and the combination of the offices of Chairman and Chief Executive Officer. The law does not favor any of these options, thus one of the fundamental missions of the Board of Directors is to choose how the Company is organised and governed and to set limitations on the powers of the Chairman and Chief Executive Officer.

#### Combination of the offices of Chairman of the Board of Directors and Chief Executive Officer

Following a proposal by the Appointments and Governance Committee, on May 6, 2009 the Company's Board of Directors decided, pursuant to the provisions of Article L. 225-51-1 of the French Commercial Code, to adopt a governance structure combining the offices of Chairman of the Board of Directors and Chief Executive Officer. Mr Ghosn was appointed Chairman and Chief Executive Officer on that date; his term of office was renewed in 2010 and 2014.

During its meeting held on February 15, 2018, the Board of Directors decided to renew Mr Ghosn's terms of office as Chairman of the Board and Chief Executive Officer of the Company, subject to the shareholders approving the renewal of his office as director of the Company.

This governance structure, combining the offices of Chairman of the Board of Directors and Chief Executive Officer, is used by the vast majority of listed companies with a Board of Directors. It is suited to the organisation and operation of the Company, enabling agile, effective decision-making.

### 3.1.4.2 Missions of the Board of Directors

#### Board Charter provisions governing the missions of the Board of Directors

The Board of Directors is a collegiate body.

In all circumstances, it must act in the corporate interest of the Company. It is mandated by all the shareholders and also takes into account the expectations of other stakeholders. It meets as often as required by the interests of the Company and all relevant legal and regulatory provisions.

The Board of Directors determines the strategy of the Company following the proposals of the Chairman and Chief Executive Officer. It discusses the Company's strategic orientations, including those relating to the Alliance, as proposed by the Chairman and Chief Executive Officer, on an annual basis, examines any changes to these orientations, and gives its opinion prior to any significant decision that may be deemed not to be consistent with the Company's strategy.

It shall be promptly informed by the Chairman and Chief Executive Officer of any external event or internal change seriously compromising the outlook of the Company or the forecasts that have been presented to the Board of Directors.

Each year, it examines the Mid-Term Plan and the budget.

It is regularly informed of the Company's ongoing performance in terms of its income statement, balance sheet, and cash position, and of off-balance-sheet commitments.

It monitors the quality of the financial information published, in particular in the form of accounts and on the occasion of significant transactions. It makes public its opinion on the circumstances of transactions relating to the Company's securities whenever the nature of such transactions so requires.

It meets once a year without the Chairman and Chief Executive Officer, to evaluate the latter's performance and determine their compensation.

Each year, it also determines the list of directors deemed to be independent. At least once a year, the Board discusses its operation and the operation of its committees, as well as the related annual evaluation.

The Board of Directors prepares and convenes the Annual General Meeting of shareholders and sets its agenda.

## Balance of powers

Together, the following provisions enable the exercise of balanced governance whilst ensuring efficient decision-making.

## Independence of the Board of Directors

The Board of Directors is committed to respecting the principle of independence, which is set forth in its Board Charter.

### Board Charter provisions governing the independence of the directors

Directors are deemed to be independent if they have no relationship of any nature whatsoever with the Company, its Group, or its management, that could compromise the exercise of their freedom of judgement. To be independent, a director must therefore be a non-Executive Director, i.e. a director who does not exercise any management functions within the Company or its Group, and not have any particular ties of interest (e.g. significant shareholder, employee, or other tie) with any of the latter.

Each year, on the proposal of the Appointments and Governance Committee, the Board of Directors draws up a list of those of its members who are deemed to be independent, on the basis of the criteria specified in the AFEP-MEDEF Code:

- they are not a client, supplier, corporate banker, or significant investment banker of the Company or its Group, or a person for whom the Company or its Group accounts for a significant proportion of their business (criterion 1);
- they do not have any close family ties to any corporate officer (criterion 2);
- they have not been a Statutory auditor of the Company during the course of the past five years (criterion 3);
- they have not been acting as a director of the Company for over twelve years. The loss of status as an Independent Director due to this criterion should occur only at the end of the term of office during which the twelve-year duration is completed (criterion 4);
- they are not an employee or Chief Executive Officer of the Company, or an employee or director of the parent company or any company it consolidates, and have not acted as such during the past five years (criterion 5);
- they are not the Chief Executive Officer of any company in which the Company directly or indirectly holds a director's mandate or in which any employee designated as such or any corporate officer of the Company (now or within the last five years) holds a director's mandate (criterion 6);
- for directors representing major shareholders in the Company, in excess of 10% of the share capital or voting rights, the status of Independent Director must be assessed on a case-by-case basis (criterion 7).

At least 50% of the Renault Board of Directors must qualify as independent, with this figure calculated in compliance with the relevant recommendations in the AFEP-MEDEF Code.

The appraisal process for the independence of directors of the Company is implemented by the Appointments and Governance Committee. On the proposal of this committee, once a year, the Board of Directors then examines the situation of each director in view of the independence criteria defined by the AFEP-MEDEF Code, reproduced in the Board Charter.

On February 15, 2018, the Board of Directors established the following list of directors with independent status as at December 31, 2017: Mrs Barba, Mrs Bensalah Chaqroun, Mrs Blair, Mrs Darmaillac, Mrs Qiu, and Mrs Sourisse, Messrs Desmarest, Ladreit de Lacharrière, Lagayette, and Thomas.

Thus, as of February 15, 2018, the Company's Board of Directors was composed of 19 members, 10 of whom were deemed to be independent (including Mr Ladreit de Lacharrière). Pursuant to the recommendations of the AFEP-MEDEF Code, the directors representing the employees and the director representing employee shareholders have not been taken into account when calculating the independence rate, which is thus 66.7% (or 60% if Mr Ladreit de Lacharrière is not included).

The table below summarises the results of the appraisal of the independence of directors in view of the criteria defined by the AFEP-MEDEF Code.

		Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	
		Business relations	Family ties	Statutory auditor	12 years on the Board	Employee or CEO	Cross-directorships	Ties with shareholders	Status assigned
Carlos	GHOSN	No	No	No	Yes	Yes	No	No	Non-independent
Catherine	BARBA	No	No	No	No	No	No	No	Independent
Frédéric	BARRAT	No	No	No	No	Yes	No	No	N/A <sup>(1)</sup>
Miriam	BENSALAH-CHAQROUN	No	No	No	No	No	No	No	Independent
Cherie	BLAIR	No	No	No	No	No	No	No	Independent
Marie-Annick	DARMAILLAC	No	No	No	No	No	No	No	Independent
Thierry	DESMAREST	No	No	No	No	No	No	No	Independent
Pascal	FAURE	No	No	No	No	No	No	Yes	Non-independent
Richard	GENTIL	No	No	No	No	Yes	No	No	N/A <sup>(1)</sup>
Marc	LADREIT de LACHARRIÈRE	No	No	No	Yes	No	No	No	Independent
Philippe	LAGAYETTE	No	No	No	No	No	No	No	Independent
Benoît	OSTERTAG	No	No	No	No	Yes	No	No	N/A <sup>(1)</sup>
Éric	PERSONNE	No	No	No	No	Yes	No	No	N/A <sup>(1)</sup>
Olivia	QIU	No	No	No	No	No	No	No	Independent
Yu	SERIZAWA	No	No	No	No	No	No	Yes	Independent
Pascale	SOURISSE	No	No	No	No	No	No	No	Independent
Patrick	THOMAS	No	No	No	No	No	No	No	Independent
Martin	VIAL	No	No	No	No	No	No	Yes	Non-independent
Hiroto	YAMAUCHI	No	No	No	No	No	No	Yes	Non-independent

(1) Pursuant to the provisions of the AFEP-MEDEF Code, the director representing the employee shareholders and the directors representing the employees are not taken into account when calculating the independence rate.

The Board of Directors, during its meeting held on February 15, 2018, paid special attention to the situation of Mr Ladreit de Lacharrière in the light of the AFEP-MEDEF Code, which recommends “not having been a director of the Company for more than twelve years”. In accordance with the Code’s “comply or explain” rule it was decided, on the proposal of the Appointments and Governance Committee, to explain the decision not to take this criterion into account in this case, for the reasons presented in the table in Chapter 3.1.7.

The Board of Directors also assessed the degree of significance of the business relations between the directors and the Company in view of the nature of these relations and the amounts involved. In doing so, the Board ensured that there were no significant cash flows between the Company and any company of which Company’s directors are directors or executive officers, in particular by examining the share these companies account for in the Company’s revenue.

### Lead Independent Director

The office of Lead Independent Director is held by Mr Lagayette, whose term of office was renewed at the Annual General Meeting on April 30, 2015.

The Board Charter states that the office of Lead Independent Director may not be held for more than four consecutive years. Under these terms, Mr Lagayette may not continue as Lead Independent Director after the 2019 Annual General Meeting.

The prerogatives of the Lead Independent Director are set out in the Board Charter.

## Board Charter provisions governing the Lead Independent Director

Pursuant to the decision to combine the offices of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors must appoint a "Lead Independent Director" from among the members of the Board.

The role of the Lead Independent Director consists in coordinating the activities of the Independent Directors. They also serve as a liaison between the Chairman and Chief Executive Officer and the Independent Directors.

The Lead Independent Director is appointed by the Board of Directors, on the proposal of the Appointments and Governance Committee, from among the directors deemed to be independent. The Lead Independent Director is appointed for the duration of their term of office as director; the Board of Directors may however terminate their service at any time. The office of Lead Independent Director may not be held for more than four consecutive years.

The remit of the Lead Independent Director is as follows:

- advising the Chairman of the Board of Directors and the chairs of each of the committees;
- ensuring that the directors are in the best possible position to fulfil their mission, in particular by benefiting from a high level of information prior to Board Meetings. The Lead Independent Director is also the first point of contact with the Independent Directors;
- handling and preventing conflicts of interest;
- ensuring the Board Charter is adhered to;
- giving their opinion on the draft agendas for Board Meetings;
- chairing the meetings of the Board of Directors in the absence of the Chairman and Chief Executive Officer; in particular, discussion relating to the evaluation of the performance of the Chairman and Chief Executive Officer and determination of the latter's compensation;
- convening meetings of the Board of Directors in exceptional circumstances, having sought the prior opinion of all the committee chairs;
- regularly meeting Group managers;
- reporting on their own activity, in the Registration document.

The Lead Independent Director may also be a member of one or more of the Board's specialised committees. They may also attend meetings of specialised committees of which they are not a member.

### Review of the Lead Independent Director's activity in 2017

During the 2017 financial year, the Lead Independent Director attended all the meetings of the Board, all the meetings of the Appointments and Governance Committee (of which he was a member until the Annual General Meeting held on June 15, 2017), of the Compensation Committee (of which he has been a member since the Annual General Meeting held on June 15, 2017), and all the meetings of the Audit, Risks and Ethics Committee (CARE) (which he chairs).

The Lead Independent Director plays a major role in the governance of the Company by fulfilling several missions, which focus on the following areas:

#### DISCUSSIONS WITH THE SENIOR MANAGEMENT AND INDEPENDENT DIRECTORS

As is the case each year, the Lead Independent Director had regular discussions with the following:

- the Independent Directors, to ensure that the conditions are in fact met for them to be able to fully exercise their mandate;

- the Chairman and Chief Executive Officer, the members of the Group Executive Committee, and the heads of key functions (VP, Group Accounting, General Counsel, Head of Tax, etc.), as well as the statutory auditors.

He also kept himself informed of the latest news of the Group and its competitors.

#### BOARD MEETINGS

The Lead Independent Director was involved in the preparation of the Board Meetings, giving his opinion on the agendas for each of the meetings and overseeing the quality of the information supplied to the members of the Board and its Committees.

In 2017, he requested the examination of several particular points by the Board of Directors, on the basis of the Group's current affairs and those of the automotive industry.

#### GOVERNANCE AND COMPENSATION

In his capacity as a member of the Appointments and Governance Committee until the Annual General Meeting held on June 15, 2017, the Lead Independent Director contributed to the following:

- the recruitment process for new directors;
- strategic thinking on governance issues relating to the operation of the Board.

In his capacity as a member of the Compensation Committee from June 15, 2017 onwards, the Lead Independent Director contributed, in particular, to establishing the compensation policy for the Chairman and Chief Executive Officer for the 2018 financial year and to changes made to the performance criteria for performance share allocation plans.

#### EXAMINATION OF THE PERFORMANCE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN "EXECUTIVE SESSIONS"

He chaired the discussions of the Board of Directors dealing with the evaluation of the performance and the setting of elements composing the compensation of the Chairman and Chief Executive Officer; these discussions, generally known as "executive sessions", take place without the Chairman and Chief Executive Officer being present.

#### RELATIONS WITH SHAREHOLDERS

The Lead Independent Director noted the concerns of the shareholders, especially major shareholders, and took steps to ensure the Company responded to these in a satisfactory manner.

### Specific authorizations granted by the Board of Directors

The Board Charter specifies that the Board of Directors is to deliberate on the strategic orientations of the Company once a year, including those relating to the Alliance, as proposed by the Chairman and Chief Executive Officer. It examines any changes to be made to these orientations and gives its opinion before any major decision that may be deemed not to be consistent with the Company's strategy.

The Board Charter also specifies the following limitations on powers:

### Board Charter provisions governing the limitations on the powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer must obtain the authorization of the Board of Directors for any transaction concerning external growth, acquisition, or disposal of any stake in any existing or future company where the amount exceeds €250 million.

They must inform the Board of Directors of any transaction concerning external growth, acquisition or disposal of any stake in any existing or future company where the amount exceeds €60 million.

### 3.1.4.3 Activity of the Board of Directors in 2017

In 2017, the Board of Directors met seven times (including two additional meetings). The average length of the meetings of the Board was three hours, it being specified that one meeting, dedicated to the Group's strategy, lasted a full day.

All decisions on the Board meeting agenda were discussed, the agenda being amended to include items affecting the Company, thus demonstrating the Board's high degree of agility. In 2017, the attendance rate was 91.88% (for details of attendance rate for each individual director, see Chapter 3.4.4.2).

The Board discussed and passed resolutions on the following items relating to the key aspects of its remit:

#### The Group's strategy

2017 was marked by the detailed presentation by the Senior Management, the thorough discussion with members of the Senior Management and the approval by the Board of Directors, during its meeting held on October 5, 2017, of the 2017-2022 "Drive the Future" strategic plan.

In addition, the Board reviewed the following strategic topics:

- the development and impact of connected services and digitalisation;
- the development of autonomous, connected, and electric vehicles;
- the development of synergies within the Renault-Nissan Alliance, extended to Mitsubishi;
- EU emissions regulations;
- the Quality and Customer Satisfaction plan; and
- strategy in Iran.

As in previous years, the Board of Directors organised its annual one-day strategy convention, held at the Technocentre, to discuss important issues for Groupe Renault. During this convention, the directors were given the opportunity to attend demonstrations of future autonomous and connected vehicle technologies. They also benefited from in-depth presentations by operational managers on the macroeconomic environment of the automotive market and the new "Drive the Future" strategic plan.

### Accounts and budget

During the course of 2017, the Board completed the following:

- approved Groupe Renault's consolidated financial statements, the corporate financial statements of the Company, and those of Renault s.a.s., for the 2016 financial year;
- determined the allocation of the 2016 profits and dividend payments proposed to the Annual General Meeting;
- examined the consolidated financial statements for the first half of 2017; and
- approved the budget for 2018.

### Corporate governance

During the course of 2017, the Board achieved the following:

- proposed that the Annual General Meeting on June 15, 2017 should ratify and renew the office of Mrs Serizawa to replace Miss Koike, appoint Mrs Bensalah Chaqroun to replace Mrs de la Garanderie, appoint Mrs Darmaillac to replace Mr Belda, and appoint Mrs Barba to replace Mr Riboud;
- duly noted the results of the elections for the director representing employee shareholders and proposed to the Annual General Meeting on June 15, 2017 to choose between the two candidates having won the most votes (Mr Ostertag and Mr Thollot);
- duly noted the resignation of Mr Saikawa, replaced by Mr Yamauchi, whose co-opting by the Board of Directors of February 9, 2017, was ratified by the Annual General Meeting held on June 15, 2017;
- implemented French Order no. 2014-948 of August 20, 2014 on corporate governance and equity transactions in publicly-owned companies and duly noted the appointment by Order of Mr Vial as the representative of the French State on the Board of Directors and the request for the appointment of Mr Faure as the director elected on the proposal of the French State on the Board of Directors;
- established the list of Independent Directors, on the proposal of the Appointments and Governance Committee;
- prepared the Annual General Meeting held on June 15, 2017, *inter alia*, by setting its agenda;
- ruled on the composition of its specialised committees;
- adopted the reports from the Chairs of each specialised committee;
- proceeded with a formal evaluation of its operation in 2017 (see the conclusions of this evaluation in Chapter 3.1.6 of the Registration document);
- set the elements composing the compensation of the Chairman and Chief Executive Officer for the 2016 financial year;
- set the compensation policy for the Chairman and Chief Executive Officer for the 2017 financial year;
- determined the details of the performance share plan for 2017;
- adopted the report of the Chairman of the Board of Directors for the 2016 financial year, pursuant to Article L. 225-37 of the French Commercial Code; and
- analysed and approved the answers to the written questions asked by shareholders of the Company prior to the Annual General Meeting.

## Related-party agreements

During its meeting on February 9, 2017, the Board of Directors:

- confirmed that, except for the related-party agreements previously approved by the Annual General Meeting of the Company, no related-party agreements were concluded during the course of the 2016 financial year;
- re-examined the related-party agreements entered into and authorised during previous financial years, the performance of which continued during the 2016 financial year; and
- decided that it was no longer appropriate for certain agreements, entered into during previous financial years and at that time subject to the procedure for related-party agreements, to be governed by this regime, pursuant to the exemption specified in Article L. 225-39 of the

French Commercial Code for agreements entered into between two companies if one directly or indirectly held all of the share capital of the other. The Board of Directors decided to no longer submit all such agreements to the annual review provided for in Article L. 225-40-1 of the French Commercial Code.

During the meeting on November 2, 2017, the Board of Directors authorised the conclusion of a commitment letter with the French State, pursuant to which the Company undertook to acquire, on the occasion of the sale of 14,000,000 shares of the Company by the French State, 10% of the sold shares in order to make a share offer to the Group's employees.

A more detailed description of this undertaking is provided in the statutory auditors' special report on related-party agreements and undertakings. For further details, see the statutory auditors' report in Chapter 4.3.2.

## 3.1.5 Activity of the specialised committees of the Board of Directors in 2017

To examine specific issues within the remit of the Board of Directors in more detail, four specialised committees have been set up to assist the Board in its remit and work. The recommendations of the committees are presented to the Board in the form of reports given in Board Meetings by their respective Chairs.

The general operation of the committees are mainly defined in the Board Charter.

### Board Charter provisions governing committees

The composition of the committees and the appointment of the respective Chairs are decided by the Board of Directors, on proposal by the Appointments and Governance Committee.

The composition of the committees must avoid cross-directorships, as defined by the AFEP-MEDEF Code.

Committee Chairs may, if they wish, attend the meetings of other committees of which they are not members.

Committee Chairs report on the work and recommendations of their respective committees during meetings of the Board of Directors. If they are unable to attend, the Chair designates a committee member to give their report to the Board of Directors.

The Chairman and Chief Executive Officer may consult the committees on any issue relating to their remit.

The committees meet whenever they deem it necessary, and at least twice a year.

In any event, the committees meet prior to the meetings of the Board of Directors if the latter's agenda includes a question within their remit.

The committees meet at least two days prior to Board Meetings during which any decision relating to business examined in their committee is to be taken, except in the event of emergency or impossibility.

Documents intended for the International and Industrial Strategy Committee are sent to members at least five days prior to the committee meeting, except in the event of emergency or impossibility.

Documents intended for the following committees are sent to committee members at least two days prior to the committee meeting, except in the event of emergency or impossibility:

- Audit, Risks and Ethics Committee;
- Appointments and Governance Committee;
- Compensation Committee.

To fulfil their mission, the committees may:

- meet managers concerned by their remit;
- interview managers of functions or operational entities;
- request any documents or information they deem necessary to the performance of their mission from representatives of the Company;
- call on organisations and service providers outside the Company, at the Company's expense, to perform any studies they deem necessary to fulfil their missions.

At the request of the directors, the Chairman and Chief Executive Officer may take part in committee meetings to contribute to discussions, with the exception of Compensation Committee meetings.

## 3.1.5.1 Audit, Risks and Ethics Committee (CARE)\*

NUMBER OF MEMBERS		NUMBER OF MEETINGS		MEMBERS AS OF DECEMBER 31, 2017		
<b>8</b>	vs	<b>6</b>		<ul style="list-style-type: none"> <li>• Mr Lagayette * (Chairman)</li> <li>• Mrs Blair *</li> <li>• Mr Ostertag **</li> <li>• Mr Personne **</li> </ul>	<ul style="list-style-type: none"> <li>• Mrs Qiu *</li> <li>• Mrs Sourisse *</li> <li>• Mr Thomas *</li> <li>• Mr Vial</li> </ul>	
2017		2016				
PERCENTAGE OF INDEPENDENT DIRECTORS		ATTENDANCE RATE				
<b>83.3%</b>	vs	<b>80%</b>				
2017		2016				
				<p>* Independent Director</p> <p>** Pursuant to the provisions of the AFEF-MEDEF Code, the director representing employee shareholders and the directors representing the employees are not taken into account when calculating the independence rate.</p>		
				<b>88.1%</b>	vs	<b>91.1%</b>
				2017		2016

## Composition

The Board Charter lists the principles for the composition of CARE.

## Board Charter provisions governing the composition of CARE

CARE comprises the following:

- at least two-thirds of Independent Directors, excluding the directors representing employees and employee shareholders;
- directors with finance and/or accounting skills;
- a committee Chair chosen, with particular care, from among the Independent Directors;
- the Chairman and Chief Executive Officer may not be a member of this committee.

Upon their appointment, CARE members receive information about the Company's accounting, financial, and operational particularities. If they deem it necessary, each director may also receive additional training covering the specificities of the Company, its business, and the automotive industry. The directors representing employees and employee shareholders receive appropriate training enabling them to fulfil their duties.

The composition of CARE has been designed to ensure that all its members have finance and/or accounting skills or appropriate professional experience in the areas within CARE's remit (see the biographical information on the directors concerned in Chapter 3.1.2).

Mr Lagayette, committee Chairman, has had a career in economics and finance in both the public and private sectors.

Mrs Blair, Queen's Counsel, is a leading barrister specialising in human rights and international law. Her career, characterised by a commitment to

human rights and corporate social responsibility, makes her membership to this committee especially appropriate.

Mrs Sourisse has had a career in management positions in various large companies in France and abroad. This professional experience means that she is especially suited to making an active contribution to all of the committee's work.

Mr Ostertag is a director representing employee shareholders. He has received specific training for the role of director, including training covering the accounting and financial aspects of company management. His thorough knowledge of the Company enables him to have a firm grasp of the committee's business and actively take part in it.

Mr Personne is a director representing the employees. He has a thorough knowledge of the Group, having worked for it since 1988, enabling him to have a firm grasp of the committee's business and actively take part in it. In addition, like Mr Ostertag, he has had specific training for the role of director, including training covering the accounting and financial aspects of company management.

Mrs Qiu has a background in engineering and has had a career in management positions in various companies internationally. This professional experience means that she is especially suited to making an active contribution to all of the committee's work.

Mr Thomas has occupied a number of senior management positions in major international groups. His experience, in particular as CEO of the Hermès group for ten years, qualifies him to take part in this committee's business and make a valuable contribution to it.

Mr Vial, Head of the French State Holding Agency (*Agence des Participations de l'État*) since August 24, 2015, has been a director of many companies with a public shareholding.

\* CARE stands for "Comité de l'Audit, des Risques et de l'Éthique" (in French).



## Missions

### Board Charter provisions governing the missions of CARE

The missions of CARE are as follows:

- monitoring the processes for generating financial information and the methods used to produce financial statements, drawn up pursuant to standards in force and IFRS standards;
- examining and analysing the financial statements as prepared by the Company's services, and reporting on its findings in this respect to the members of the Board of Directors;
- monitoring the effectiveness of procedures for risk control, internal control, and regulatory and operational compliance;
- ensuring compliance with ethics and professional conduct rules;
- ensuring the Company has appropriate levels of commitment to Corporate Social Responsibility (CSR).

In this respect, CARE:

- examines (as part of its analysis of the financial statements) the statutory auditors' report highlighting the key aspects of the financial results and the accounting approaches adopted, and hears a report from the Chief Financial Officer describing the Company's risk exposure and off-balance-sheet commitments;
- proposes the statutory auditors' selection procedure to the Board, coordinates this selection procedure, issues an opinion on the quality of their work, and ensures compliance with the rules safeguarding their independence; in this respect, it makes a recommendation on the statutory auditors proposed for appointment by the Annual General Meeting;
- regularly interviews the statutory auditors, who must submit their general programme of work and the tests and sampling they have performed;
- is informed of the existence of a system for identifying and evaluating the Group's risks and ensures that the system's effectiveness is monitored;
- ensures that an internal control system exists, and monitors its effectiveness;
- supervises the audit plan, monitors its execution, and checks that recommendations are implemented;
- monitors the proper implementation and effectiveness of ethics policy and the enforcement of the Group's code of ethics and related procedures;
- receives, from the Ethics Director, the Company's annual activity report on ethics and compliance, together with the actions undertaken; it examines and gives its opinion on the action programme for the following year, and monitors its progress;
- interviews the Ethics Director and, if it deems it necessary, the Chairs of the Ethics and Compliance Committee and the Risks and Internal Control Committee;
- examines relations with stakeholders regarding any issue concerning ethics and corporate social responsibility;
- interviews the Company's Head of Corporate Social Responsibility once a year about the actions conducted in this area;
- examines the section of the report by the Chairman of the Board of Directors referred to in Article L. 225-37 of the French Commercial Code relating to internal control and risk management procedures;
- makes recommendations to the Board of Directors or the Company's management bodies concerning any area within its remit.

Within its remit, CARE regularly interviews representatives of the following entities:

- the Audit, Risk and Organisation Department;
- the Group Protection and Prevention Department;
- the Ethics Department;
- the Group Finance Department;
- the statutory auditors.

### Committee activity

CARE met five times in 2017, with an attendance rate of 88.1% (for details of attendance rate for each individual director, see the table in Chapter 3.4.4.2).

Pursuant to the legislation and regulations in force and the AFEP-MEDEF Code, CARE dealt in particular with the following topics:

- examining the Group's consolidated financial statements, the financial statements of the Company and Renault s.a.s. for 2016, the Group's consolidated financial statements for the first half of 2017, and the related financial press releases. In particular, CARE studied the valuation of assets in the operational sector, asset depreciation tests, and trends in the automotive market and their consequences on the Company's financial performance;
- reviewing the accounting and financial impacts of certain Group's partnerships;
- monitoring the 2017 performance with respect to the budget;
- the preparation of the 2018 budget;
- monitoring the 2017 internal audit plan and presentation of the 2018 internal audit plan;
- the external audit plan presented by the statutory auditors as part of their statutory auditing mission;
- the independence of the statutory auditors;
- monitoring the recapitalisation of AVTOVAZ;
- changes to the Company's Internal Audit Charter;
- Groupe Renault's "Guide to the prevention of corruption and influence-peddling" and progress of the action plan for the implementation of the French "Sapin II Act";
- the cyber-attack of May 12, 2017;
- RCI's governance and risk control scheme;
- changes to IFRS standards;
- the monitoring of financial risks and in particular, the Group's exposure in Russia and Iran;
- the work of the Ethics Department;
- the work of the Legal Department, in particular as regards the protection of personal data;
- examination of Regulation (EU) No 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
- status reports on the main disputes being monitored by the Legal Department, and the tax risks being monitored by the Tax Department;
- internal control and risk control (mapping of the Group's major risks); and
- the report by the Head of Corporate Social Responsibility.

The following points may also be noted:

- the Company's consolidated financial statements and corporate financial statements were examined by CARE during its meetings, held in due time in accordance with the AFEP-MEDEF Code; and

- one of CARE's missions is to monitor the effectiveness of the internal control and risk management systems, described in Chapter 1.5. As part of this, the examination of the financial statements by the committee, in the presence of the Chief Financial Officer and of the Head of Audit, Risk and Organisation Management, is accompanied by a presentation given by the statutory auditors describing the key aspects of the work performed, their conclusions on the accounting approaches adopted, and developments in regulations in this area, as well as a report from the Chief Financial Officer describing the Company's risk exposure and off-balance-sheet commitments;
- CARE also auditioned the Company's statutory auditors without senior management being present.

After each CARE meeting a report is presented to the next meeting of the Board of Directors. These reports allow the Board to be fully informed, thus facilitating its deliberations. Furthermore, minutes are drawn up after each CARE meeting and approved by all its members.

### Quality and reliability of financial, accounting and management information

For Groupe Renault excluding the AVTOVAZ group (fully consolidated from December 31, 2016), Senior Management communicates Renault's general objectives within the multi-year plan and annual budgets, as well as resource allocation to the Regions, functions and programs. Group Management Control draws up an instruction memorandum for each of the two operating segments, the Regions, functions and programs. These memorandums include macroeconomic assumptions to be taken into account (exchange rates, interest rates, inflation rates, raw materials prices, etc.), financial and non-financial indicators that will be measured over the course of the following financial year, the calendar, and the segmentation of the activity scope. Each Region sends these instructions to the subsidiaries within its scope of responsibility after adding elements specific to business functions.

A majority stake in Alliance Rostec Auto B.V., the owner of AVTOVAZ capital stock, was acquired in December 2016. The approach to controlling financial and accounting information for this group, fully consolidated in Renault's consolidated financial statements from December 31, 2016, is currently being analyzed by Renault with the aim of gradually harmonizing it with Renault's standards, as described below, as soon as possible, with support from the Group Accounting and Internal Control departments.

The performance and control function stimulates and measures economic performance at the various levels of the organization (Group, operating sectors, Regions, functions, programs).

Management control is decentralized so as to take account of the specifics of each business function. Its mission is laid out in instructions prepared periodically by the corporate Control and reporting department.

In the Group's management model, its role consists in:

- developing the Group's economic and budget objectives;
- implementing the internal control system and Renault's risk management process;

- coordinating the Group by measuring the performance of its entities, Regions, functions and vehicle programmes and, in particular, monitoring free cash flow indicators;
- making an economic analysis of proposed management decisions at every level, checking compliance with standards, plans and budgets, assessing economic relevance, and formulating an opinion and recommendation.

The Group uses management guidelines to prepare its accounting and financial information. These guidelines aim to provide operational staff with standard management procedures.

All this documentation is available to staff in all the Group's entities through the finance activity intranet portal. Documentation includes:

- all standards, rules and instructions, whether they are business specific or apply to the entire Group;
- an economics dictionary to help employees better understand the main concepts and aggregates used to guide the Group's business performance.

The internal control system for accounting and financial data is based on the AMF reference framework. It covers not only the processes for preparing financial data for the accounts, forecasting and financial reporting, but also the operational processes upstream that go into the production of this information.

The Group's information systems enable it to simultaneously produce accounts according to local accounting rules and those of the Group. This mechanism ensures that data remain consistent even though they are centralized and consolidated in short timeframes. The Administrative and Financial Directors of the subsidiaries, under the operational authority of the subsidiaries' Chairmen and CEOs and the functional authority of the Director of Group Accounting (DCGr), are responsible for preparing the financial statements.

The Group has a manual setting out presentation and evaluation standards. This manual is updated annually and provided to all entities via the Group's portal so that financial information is reported in a uniform manner.

### Principles applied in preparing the financial statements

Groupe Renault's consolidated financial statements are prepared under International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and endorsed for application by a regulation published in the Official Journal of the European Union at year-end.

The Group Accounting department, which is under the direct authority of the Group's Chief Financial Officer, has an "Accounting Standards" unit. The department has the authority to enforce prevailing IFRS accounting policies. Company employees are regularly informed of changes and updates to IFRS. The Audit, Risks and Ethics Committee is also informed where appropriate.

Groupe Renault, whose activities are divided into three separate operational segments – Automotive excluding AVTOVAZ, AVTOVAZ and Sales Financing (RCI Banque) – prepares its consolidated financial statements using a single consolidation system based on an accounting Charter common to all consolidated entities.

The Group publishes half-yearly and annual statements. These statements are prepared in advance on the basis of two pre-closing dates: May 31 for the June closing and October 31 for the December close. Summary meetings are organized with the statutory auditors and attended by senior management as part of an ongoing process of dialogue with the latter. The CARE is involved at every key stage of the approval process for financial and accounting disclosures.

### Key components of the process for controlling financial and accounting disclosures

Groupe Renault, in its three operating segments, manages the decentralized operations in its subsidiaries in France and abroad by relying on two key strategies that deliver high-quality accounting and financial information while reducing the time needed to prepare the financial statements for its two historical operating segments (Automotive excluding AVTOVAZ and Sales Financing (RCI Banque)):

- operating systems upstream from accounting are standardized as far as possible;
- ERP financial and accounting modules chosen by the Group are introduced in the industrial and/or commercial, engineering and sales financing entities worldwide.

This software package ensures that processed data are reliable and consistent. In particular, the definition and monitoring of user profiles helps to ensure that the rules of task separation are respected.

Control of basic transactions handled by operational systems, where the initial control takes place, is key to ensuring that accounting and financial data are reliable. The operational systems feed data to the auxiliary accounting systems through a number of interfaces. These interfaces, which are continually monitored to ensure they capture all economic events for each upstream process, then rapidly and regularly send these data to the centralized accounting system.

The accounting teams works with IT staff to develop a security process to protect the ERP in the event of a major malfunction. A business continuity plan has been prepared at corporate level. It is deployed in those subsidiaries that use the ERP.

### Statutory Auditors' Charter

As part of the legal audit, in 2004 Renault initiated the drafting of a Charter covering the engagements and independence of the statutory auditors, which was signed jointly with them. This Charter governs the relationship between Groupe Renault (the parent company and the French and foreign subsidiaries) and its statutory auditors. The Charter was updated in 2014 and in 2016 as part of the renewal of the Board of Auditors in 2014 and to take into account regulatory changes relating to statutory audits.

### Financial reporting

Given the growing importance of financial communication, its multiple forms, and the vital need to provide a high standard of financial disclosure, Groupe Renault has tasked the Financial Relations department with responsibility for all of the Group's financial communication and given it the resources to enable it to supply the reliable, high-quality information required.

The Financial Relations department is in charge of:

- communication with financial markets;
- relations with investors and individual shareholders;
- relations with financial rating agencies;
- relations with analysts and investors specialized in socially responsible investments;
- relations with the regulatory authority (AMF);
- the preparation of the half-yearly and annual activity reports and quarterly information as well as the filing of the Registration document with the AMF.

### 3.1.5.2 Compensation Committee

NUMBER OF MEMBERS		NUMBER OF MEETINGS		MEMBERS AS OF DECEMBER 31, 2017	
6	vs	2	vs	• Mr Thomas * (Chairman)	• Mr Ladreit de Lacharrière *
2017		2017		• Mrs Darmaillac *	• Mr Lagayette *
5		5		• Mr Desmarest *	• Mr Personne **
2016		2016			
PERCENTAGE OF INDEPENDENT DIRECTORS***		ATTENDANCE RATE			
100%	vs	85.7%	vs		
2017		2017			
100%		100%			
2016		2016			

\* Independent Director  
 \*\* Pursuant to the provisions of the AFEP-MEDEF Code, the director representing employee shareholders and the directors representing the employees are not taken into account when calculating the independence rate.  
 \*\*\* Counting Mr Ladreit de Lacharrière as a non-Independent Director, the independence rate of this committee would be 80% for 2017 and 75% for 2016.

#### Composition

The Board Charter lists the principles governing the composition of the Compensation Committee.

#### Board Charter provisions governing the composition of the Compensation Committee

The Compensation Committee comprises the following:

- a majority of Independent Directors;
- a director representing the employees or employee shareholders;
- a Chair appointed from among the Independent Directors;
- the Chairman and Chief Executive Officer may not be a member of this committee.

#### Missions

#### Board Charter provisions governing the missions of the Compensation Committee

The Compensation Committee's mission is to enable the Board of Directors to determine all compensation and benefits for the executive officer.

In this respect, the Compensation Committee:

- proposes to the Board of Directors the amount of the fixed component of the Chairman and Chief Executive Officer's compensation;
- proposes to the Board of Directors the rules for setting the variable component of the Chairman and Chief Executive Officer's compensation and the amount of this variable component;
- ensures the consistency of these rules with the annual or multi-year evaluation of the Chairman and Chief Executive Officer's performance, and with the Company's medium-term strategy;
- supervises the annual application of these rules;
- makes appropriate recommendations to the Board of Directors concerning the Chairman and Chief Executive Officer's compensation, benefits in kind, and retirement pension scheme;
- is briefed on the compensation policy applicable to the main non-executive officers; the committee may invite the Chairman and Chief Executive Officer to attend this briefing;
- examines the general policy on long-term incentive plans and makes proposals to the Board of Directors concerning this policy and the allocation of long-term incentive compensation;
- reviews the information disclosed to shareholders for the purposes of consulting them on the compensation of the Chief Executive Officer.

#### Committee activity

This committee met twice in 2017. The attendance rate was 85.7% (for details of attendance rate of each individual director, see Chapter 3.4.4.2).

Its activity included the following:

- setting the elements composing the Chairman and Chief Executive Officer's compensation for the 2016 financial year;
- the achievement rate of the performance criteria for the variable component of the Chairman and Chief Executive Officer's compensation for the 2016 financial year;
- monitoring the extent to which the performance objectives governing the deferred variable component in the form of shares allocated to

the Chairman and Chief Executive Officer for the 2013, 2014 and 2015 financial years had been achieved (the Board of Directors having put an end to the adjustment clause for the annual variable component paid in shares as of the compensation due or allocated to the Chairman and Chief Executive Officer in respect of years from 2016 onward);

- the summary table showing the components of the Chairman and Chief Executive Officer's compensation for the 2016 financial year, with a view to submitting it to the shareholders for their opinion pursuant to the AFEP-MEDEF Code;
- setting the compensation policy for the Chairman and Chief Executive Officer for the 2017 financial year;
- performance share allocation plans for the 2017 financial year.

### 3.1.5.3 Appointments and Governance Committee

NUMBER OF MEMBERS		NUMBER OF MEETINGS		MEMBERS AS OF DECEMBER 31, 2017	
<b>5</b>	vs	<b>4</b>	vs	• Mr Ladreit de Lacharrière * (Chairman)	• Mr Thomas *
2017		2017		• Mrs Barba *	• Mr Vial
5		3		• Mrs Darmaillac *	
2016		2016			
PERCENTAGE OF INDEPENDENT DIRECTORS **		ATTENDANCE RATE		* Independent Director.	
<b>80%</b>	vs	<b>81.2%</b>	vs	** Counting Mr Ladreit de Lacharrière as a non-Independent Director, the independence rate of this committee would be 60% for 2017 and 2016.	
2017		2017			
80%		100%			
2016		2016			

#### Composition

The Board Charter lists the principles governing the composition of the Appointments and Governance Committee.

#### Board Charter provisions governing the composition of the Appointments and Governance Committee

The Appointments and Governance Committee comprises the following:

- a majority of Independent Directors;
- a Chair appointed from among the Independent Directors;
- the Chairman and Chief Executive Officer may not be a member of this committee.

#### Missions

#### Board Charter provisions governing the missions of the Appointments and Governance Committee

The missions of the Appointments and Governance Committee are as follows:

- drawing up a procedure for selecting directors, the Chairman of the Board of Directors, the Chief Executive Officer (who may or may not be a separate person), and the officers;
- making proposals to the Board of Directors regarding the appointment of the Chairman of the Board of Directors, the Chief Executive Officer (who may or may not be a separate person) and the officers, in compliance with this procedure;
- deciding whether to renew expiring terms of office, taking into account factors such as developments in shareholdings in the Company, gender balance on the Board of Directors, and the need to maintain an appropriate proportion of Independent Directors;
- proposing solutions to the Board for the succession of the Chief Executive Officer in the event of unforeseen vacancy of the position, in line with a succession plan established beforehand by the committee;
- making proposals concerning the chairmanship, composition, and remit of the different committees;
- monitoring corporate governance issues and ensuring compliance with the AFEP-MEDEF Code;
- indicating, where applicable, any AFEP-MEDEF Code recommendations that have not been complied with and explaining the reasons for this in a clear, relevant, and detailed manner;
- proposing referral to the High Committee in charge of monitoring implementation of the AFEP-MEDEF Code of any matter relating to provisions of the Code or its interpretation;
- examining the section of the report by the Chairman of the Board of Directors referred to in Article L. 225-37 of the French Commercial Code; this concerns the composition of the Board, application of the principle of gender-balanced representation on the Board, and the preparation and organisation of the Board;
- with the assistance (where necessary) of an organisation outside the Company, drawing up an annual review of the composition of the Board, the preparation and organisation of the Board, and, where applicable, proposing changes.

### Committee activity

This committee met four times in 2017. The attendance rate was 81.2% (for details of attendance rate for each director, see Chapter 3.4.4.2).

Its activity included the following:

- the co-opting of Mr Yamauchi;
- ongoing feminisation of the Board of Directors in connection with the directorships' renewals;
- the appointment of the director representing employee shareholders, and more particularly, the submission of the candidacies of Mr Ostertag and Mr Thollot to the Annual General Meeting on June 15, 2017;
- the appointment of three new directors at the Annual General Meeting held on June 15, 2017: Mrs Barba, Mrs Bensalah Chaqroun, and Mrs Darmaillac;

- the designation of Mr Vial as director representing the French State and the proposal of the appointment of Mr Faure as director representing the French State, pursuant to the provisions of French Order no. 2014-948 dated August 20, 2014 on corporate governance and equity transactions in publicly-owned companies;
- reviewing the list of Independent Directors pursuant to the criteria specified in the AFEP-MEDEF Code, in particular the criterion relating to significant business ties;
- the composition of the Board of Directors' committees;
- the formal evaluation of the Board of Directors assigned to an external firm (see Chapter 3.1.6); and
- the renewal of Mr Ghosn's terms of office as Chairman of the Board and Chief Executive Officer of the Company, subject to renewal of his office as director of the Company.

### 3.1.5.4 International and Industrial Strategy Committee

It should be noted that on the proposal of the Appointments and Governance Committee of February 11, 2016, the Board of Directors decided to merge the International Strategy Committee with the Industrial Strategy Committee to form the International and Industrial Strategy Committee.

NUMBER OF MEMBERS		NUMBER OF MEETINGS		MEMBERS AS OF DECEMBER 31, 2017	
<b>7</b>	vs	<b>7</b>		• Mr Desmarest * (Chairman)	• Mr Gentil **
2017		2016		• Mr Barrat **	• Mr Ostertag **
				• Mrs Bensalah Chaqroun *	• Mr Yamauchi
				• Mr Faure	
PERCENTAGE OF INDEPENDENT DIRECTORS		ATTENDANCE RATE		* Independent Director	
<b>50%</b>	vs	<b>66.6%</b>		** Pursuant to the provisions of the AFEP-MEDEF Code, the director representing employee shareholders and the directors representing the employees are not taken into account when calculating the independence rate.	
2017		2016			
				<b>88.8%</b>	vs
				2017	
				2016	
					<b>87.5%</b>
					2016

### Composition

The Board Charter lists the principles governing the composition of the International and Industrial Strategy Committee.

#### Board Charter provisions governing the composition of the International and Industrial Strategy Committee

The International and Industrial Strategy Committee comprises the following:

- directors chosen for their awareness of issues relating to the Company's international development and/or their skills in the industrial sector;
- a Chair appointed from among the Independent Directors.

## Missions

### Board Charter provisions governing the missions of the International and Industrial Strategy Committee

The missions of the International and Industrial Strategy consist in the following:

- studying the strategic orientations proposed by the Chairman and Chief Executive Officer regarding the industrial and international development of the Group and the Alliance, including the impact of these orientations on social and environmental matters;
- reviewing capacity projects;
- reviewing the main plants and the various projects for Group expansion and/or reduction, the competitiveness of the manufacturing sites, and their supplier base, regardless of their location;
- examining the main strategic industrial orientations by preparing the decisions of the Board of Directors;
- examining projected strategic agreements, partnerships, and external acquisition or disposal transactions with a significant impact on the Group's strategy;
- studying major vehicle and engine projects at the time these projects are engaged;
- monitoring the Group's strategic projects in order to keep the Board informed of these.

### Committee activity

During its second year of existence, the committee met five times in 2017, having met twice in 2016. The committee aims to meet three or four times a year in rather long meetings in order to examine Group strategic issues in depth. The attendance rate was 88.8% (for details, see Chapter 3.4.4.2).

2017 was marked by the thorough review of the 2017-2022 "Drive the Future" strategic plan, in a format favoring debates and discussions with members of senior management.

In addition, its activities included the following:

- the Company's operations in India, China and Iran, and strategy developments in these countries;
- monitoring Renault sales compared to those of its competitors;
- monitoring competition in the field of electric vehicles;
- the "Renault France CAP 2020 – Business Contract for Sustainable Performance" signed on January 13, 2017, the purpose of which is to prepare Renault for the changes in automotive products by 2020; and
- the quality and customer satisfaction plan.

## 3.1.6 Evaluation of the Board of Directors

Each year, the Board of Directors carries out an evaluation of its operation with a view to improving the efficiency of its work and, at least once every three years, a formal evaluation with the help of external consultants.

The first formal evaluation took place in 2014. The Board of Directors decided to call in again external consultants to conduct its 2017 formal evaluation of the work of the Board and of its committees.

All Board members answered a survey and were afterwards interviewed by external consultants between late 2017 and early 2018. The conclusions of the evaluation were presented during the meeting of the Appointments and Governance Committee held on January 31, 2018, then during the meeting of the Board of Directors held on February 15, 2018.

The questionnaire notably addressed the following topics:

- the missions and tasks of the Board of Directors;
- the process of the Board of Directors;
- governance;
- the perception of the Board of Directors on the committees;
- the work of Audit, Risks and Ethics Committee;
- the work of Compensation Committee;
- the work of Appointments and Governance Committee;

- the work of International and Industrial Strategy Committee;
- the holding of the meetings and preparatory documentation;
- the composition of the Board of Directors;
- the relationships between the Board of Directors and senior management; and
- the individual contribution of each Director and collective efficiency.

The result of the evaluation was a very positive appraisal of the structure and operation of the Board and of the committees, with the fruitful discussions and independence of the directors standing out as strengths. The directors also emphasised the following:

- a vision and a Company strategy that are clear and shared with the Chairman and Chief Executive Officer;
- the quality of the work of the Board, due to the commitment of all the directors and the diversity of their profiles. In spite of a large number of directors and very full agendas, the directors noted an efficient functioning of the Board dealing with the relevant subjects at the appropriate level and making decisions; and
- the quality of the working relationship between the Board and the members of the Group's Executive Committee, the importance of the informal lunches after Board meetings, which are always much appreciated and considered to be a good opportunity for conversations with members of the Group's Executive Committee.

The Board noted that the areas of improvement identified by the directors in the 2016 evaluation had been taken into account, as follows:

- the evolution of the Board composition, the ongoing feminisation, rejuvenation, internationalisation and renewal of industrial competencies, thanks to the appointment of Mrs Catherine Barba, Mrs Miriem Bensalah-Chaqroun and Mrs Marie-Annick Darmaillac as directors of the Company at the Annual General Meeting held on June 15, 2017; and
- the examination of certain topics, notably as part of the work of its committees (HR, CSR, ethics).

Three areas of improvement were identified for the coming years:

- given the renewal of the Board composition, develop ties between directors by organizing theme days, especially as part of site visits, including meeting with teams;
- widen the Board's competencies by recruiting directors with experience in the automotive industry and directors from companies that have already successfully implemented a digital revolution; and
- allow an even closer participation to the discussions on strategy, notably by allowing directors who are not members of the International and Industrial Strategy Committee to participate in this committee when they wish.

### 3.1.7 Implementation of the “comply or explain” rule

Pursuant to the provisions of Article L. 225-37-4 of the French Commercial Code, the Company refers to the AFEP-MEDEF Code, whose recommendations it follows.

In application of the “comply or explain” rule specified in Recommendation 27.1 of the AFEP-MEDEF Code and Article L. 225-37-4 of the French Commercial Code, the provision of the AFEP-MEDEF Code which has not been complied with and the relevant explanations are summed up in the table below:

AFEP-MEDEF Code Recommendation	Comment
<p><b>Independence of directors:</b>  <b>Art. 8.5: Criteria for independence of directors:</b>            One of the recommendations in the Code's criteria for independence is: “not having been a director of the company for more than twelve years”.</p>	<p>During its meeting on February 15, 2018, the Board of Directors examined the independence of Mr Ladreit de Lacharrière in the light of the criteria listed by the AFEP-MEDEF Code (November 2016 revision).            On this occasion, the Board noted that Mr Ladreit de Lacharrière fulfils all of the independence criteria listed by the AFEP-MEDEF Code, except for the one relating to the length of his mandate. Nevertheless, the Board deemed that this criterion should not be applied with respect to Mr Ladreit de Lacharrière. Indeed, the AFEP-MEDEF Code recommends that directors whose term of office exceeds twelve years should no longer be deemed independent.            Mr Ladreit de Lacharrière does not hold any executive or non-executive office in any company whose accounts are consolidated with Renault's. Furthermore, he is not an employee, executive officer, or director of any company whose accounts are consolidated with Renault's. Moreover, Mr Ladreit de Lacharrière, a leading figure in the business world, exercises senior management responsibilities in multinationals without any significant ties to Renault, thus ensuring his professional and financial independence with respect to Renault.            In addition, the various directorships held by Mr Ladreit de Lacharrière give him a critical distance and strategic vision, allowing him to make valuable contributions to Renault's Board of Directors.            Mr Ladreit de Lacharrière's objectivity and independent spirit have always been clear in meetings of the Board of Directors, as has his ability to defend his points of view with strength and conviction. These qualities are recognised by the other members of the Board and have resulted in his appointment as Chairman of the Appointments and Governance Committee.            In addition, over the course of his successive mandates as a director of Renault, Mr Ladreit de Lacharrière has developed thorough knowledge of the Group and undisputed experience, enabling him to have a firm grasp of the key issues for Renault and the Alliance, thus making an effective contribution to the work of the Board of Directors, in the sole interest of the Group.            In the light of the above, the Board of Directors has concluded that Mr Ladreit de Lacharrière qualifies as independent.            During the meeting on February 15, 2018, the Board noted that the Board independence rate would still be above 50%, even if this director was removed from the list of Independent Directors.            The Board therefore complies with AFEP-MEDEF Code Recommendation § 8.3 (independence rate: 66.7% including Mr Ladreit de Lacharrière and 60% without him).            It should also be noted that Mr Ladreit de Lacharrière's term of office expires at the end of the Annual General Meeting to be held on June 15, 2018, and will not be renewed. This situation is therefore temporary.</p>

### 3.1.8 Procedures for shareholders' participation in the Annual General Meeting

Article 21 of the Company's articles of incorporation specifies the procedures for shareholders' participation in the Annual General Meeting. These procedures are set out in Chapter 5, entitled “Renault and its shareholders” (see Chapter 5.1.2.2).

### 3.1.9 Factors that may be material in the event of a takeover bid

Factors that may be material in the event of a takeover bid as defined by Article L. 225-37-5 of the French Commercial Code are detailed in Chapter 5.2.6.2.



## 3.2 ROLE OF THE MANAGEMENT BODIES AND COMMITTEES

### 3.2.1 Management bodies as of April 1, 2018

As part of the renewal of his offices as Chairman and Chief Executive Officer of Renault proposed by the Board of Directors held on February 15, 2018 and subject to the renewal of his term of office as director by the Annual General Meeting of June 15, 2018, Mr Ghosn decided to reorganize Groupe Renault's governance structure. On the basis of the work carried

out by the Appointments and Governance Committee, and upon favourable opinion of the Board of Directors, Mr Ghosn appointed Mr Thierry Bolloré as Group Chief Operating Officer, effective February 19, 2018.

For further details regarding the management bodies of Renault as of April 1, 2018, see Chapter 1.1.2.

### 3.2.2 Role of management bodies

The Group's activities are coordinated by a number of Management Committees, split into two levels:

- "tier 1" committees, whose remit comprises the Group as a whole, include the following:
  - the Group Executive Committee (*Comité Exécutif Groupe*, CEG) in charge of strategic decisions and direction,
  - coordination of business and control of instructions by the Group Executive Committee is carried out by controlling the commitments made in the "budget plan" process and strategic goals, and controlling policies and business within Regions, programmes, and global functions,
  - the monthly Operations Review Committee, chaired by the Group Chief Operating Officer,
  - specialised committees (e.g. product-project committees), chaired either by the Chairman and Chief Executive Officer, or on the latter's behalf by the Group Chief Operating Officer. Their decision-making remit comprises the Group and Groupe Renault's cooperative work within the Alliance (including cooperation with Daimler);

- "tier 2" committees are specialised by area of Senior Management or functions (e.g. engineering and quality; planning, products, and programmes; manufacturing and logistics; sales; trade; purchasing; design; legal; risks; ethics and compliance; CEO Office, etc.) or Region.

The rules for the operation and the characteristics of these committees are set out in a standardised catalogue which specifies the names of the Chairman of the committee and its members; the frequency, duration, content, and purpose of meetings; and the procedures for reports, circulation of decisions, and archiving of reports. Each Region (Europe, Africa–Middle East–India, Americas, Asia-Pacific and Eurasia) is run by a Regional Management Committee (*Comité de management de Région*, CMR). Each CMR comprises representatives from corporate functions, vehicle programmes, and managers of the main countries in the Region. The Programme Departments correspond to the segments in the automotive range. They are assigned long-term profitability targets for the lifecycle of the products for which they are in charge of the development, manufacture, and marketing, supported by the Regions and corporate services.

## 3.3 ETHICS POLICY

### 3.3.1 Objectives and guidelines

The ethics policy aims to:

- promote ethical values within the Group and thus contribute to its sustainable performance;
- constantly adapt our systems to prevent all forms of corruption;
- protect employees, customers and shareholders;
- protect the Group's image and assets.

The Ethics Charter sets out the Group's key principles and fundamental values. It is intended for all employees in all countries in which the Group is present.

The "Ethics in Practice" Guide sets out the Charter in detail. This document helps to answer any questions that may arise regarding ethical issues encountered at work.

The ethical guidelines also include seven codes of good conduct which have been specifically drawn up for business functions with specific ethical requirements.

### 3.3.2 Actors and bodies

The Ethics Director of the Group, who is responsible for this policy, reports directly to the Chairman and Chief Executive Officer (Chairman and CEO). He regularly reports to the Audit, Risks and Ethics Committee (Comité de l'Audit, des Risques et de l'Éthique, CARE) and to the Group's Board of Directors on actions undertaken under his responsibility.

His/her duties are as follows:

- to reinforce the Group's ethical governance reference material;
- to examine ethical cases;
- to implement the Renault ethics policy internally and increase awareness of it externally in order to actively boost the Group's reputation and image.

The Ethics Director relies on the following in particular to implement his/her duties:

- the Ethics and Compliance Committee, comprising around 20 people, which is responsible for proposing and adapting the systems that implement the Group's ethics policy;

- the Fraud and Anti-Corruption Committee (Comité Anti-Fraude et Corruption, CAFC), which includes six Directors and is responsible for dealing with individual breaches of ethics;

- a network of Ethics Officers, in the main countries where Renault operates. They are responsible for the ethics function in each of their countries, in particular to ensure better compliance with laws and local regulations and lead the local Ethics and Compliance Committees (Comité d'Éthique et Conformité Pays, CECP);

- two facilitators, whose mission in France is to resolve conflicts between employees through mediation and contribute to spreading ethical behavior through ethics training.

The Ethics Director also receives alerts issued via a global whistle-blowing procedure that complies with regulatory requirements. A description of this procedure is available to all employees in the Ethics section of the intranet.

### 3.3.3 Highlights of 2017

In 2017, the Ethics Director had regular meetings with the Chairman and CEO and submitted an activity report to the Chairman of the Audit, Risks and Ethics Committee on four occasions, including twice with the full committee present.

In the year just ended, the Ethics department handled **124** ethical cases, including **44** as a preventative measure and **52** proven cases of infringement of the Group's rules and values.

Face-to-face training continued - since 2012, it has already been rolled out to **over 65,015 employees across 18 countries**. France, Romania, Spain and India had the highest number of managers trained.

To improve the effectiveness and impact of the corporate Ethics Department, the network of Ethics Officers is currently being extended to new countries and subsidiaries.

The law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life, known as "Sapin 2", led Renault **to reinforce** its overall corruption prevention system in 2017. This system, structured around the eight measures in Article 17 of this law, is currently being rolled out within the Group.

Amongst these measures, the guide on the prevention of corruption and influence peddling was presented to the Board of Directors. It was signed by the members of the Executive Committee, then rolled out at managerial level within the Company, starting with the corporate Management Committees and Top Management. It presents the active overall approach defined by the Group to prevent corruption. It includes definitions of corruption, conflict of interest and influence peddling and workplace situations for which an explanation is provided of the rules to be followed in order to prevent corruption risks and influence peddling, as well as examples of prohibited practices. It also specifies the implementation tools: the professional alert system, the intranet site and training. The guide recalls the Ethics Director and Ethics Officers' preventive and advisory role in the event of doubts or requests for advice.

The system also builds on the Third Party Integrity Management Process to guard the Group against risks associated with fraud and corruption as part of our relations with third parties, both existing and future

E-learning sessions have been designed in line with our corruption prevention guide and our Ethics Charter to raise the awareness of the employees most exposed to corruption risk.

As affirmed in the Ethics Charter and Corruption and Influence Peddling Prevention Guide, the alert system is an essential vector of shared ethics for the Group. Within this framework, the Group has rolled out a professional whistle-blowing procedure open to its employees as well as to exterior and occasional employees.

#### Outlook for 2018

- Continue to reinforce the entire corruption prevention system;
- Implement a unified whistle-blowing system;
- Communicate about the new whistle-blowing procedure to users;
- Organize a worldwide seminar for Ethics Officers.

## 3.4 COMPENSATION OF CORPORATE OFFICERS

As stated in the introduction to Chapter 3 of the Registration document, and pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Company has voluntarily chosen to refer to the November 2016 version of the AFEP-MEDEF Code.

### 3.4.1 Principles relating to the compensation of the Chief Executive Officer

Once a year, as proposed by the Compensation Committee, the Board of Directors sets the components of the compensation due or awarded to the Chief Executive Officer.

The Company's compensation policy is regularly reviewed in the meetings of the Compensation Committee, which is composed mainly of

Independent Directors and chaired by Mr Patrick Thomas (Independent Director). In its recommendations, the Compensation Committee takes into account the balance of the different components of the Chief Executive Officer's compensation.

The compensation policy for the Chief Executive Officer is based on six simple, stable, transparent practices:

1	<b>Closely linked to the Company's strategy</b>	<ul style="list-style-type: none"> <li>The compensation is closely linked to the implementation and results of the strategy.</li> </ul>
2	<b>Performance-oriented</b>	<ul style="list-style-type: none"> <li>The variable component of the Chief Executive Officer's compensation represents a fraction of the total compensation that is more significant compared to the one usually applied in the market and ensures the interests of the Chief Executive Officer are aligned with the Company's performance.</li> <li>No variable compensation is granted in the event of under-performance.</li> </ul>
3	<b>Focus on long-term performance</b>	<ul style="list-style-type: none"> <li>Most of the Chief Executive Officer's compensation depends on multi-year targets being achieved.</li> </ul>
4	<b>Close alignment with shareholders</b>	<ul style="list-style-type: none"> <li>The number of performance shares allocated to the Chief Executive Officer is expressed as an absolute number, rather than a percentage of the salary, so that upward and downward fluctuations in the share price affect the corresponding total value.</li> <li>The Chief Executive Officer must retain 25% of the shares vested pursuant to performance share plans until the end of his term of office.</li> <li>Payment of 75% of the variable portion is deferred, and takes the form of a share allocation at the end of a three-year period.</li> </ul>
5	<b>Competitive compensation</b>	<ul style="list-style-type: none"> <li>Competition between corporate officers in the automotive market is intense. It is therefore of prime importance to ensure that the overall compensation of the Chief Executive Officer is competitive compared to the practices of the Company's peers, both CAC 40 companies and, more generally, comparable companies in the Automotive sector in Europe and worldwide.</li> </ul>
6	<b>Compensation which does not encourage excessive risk-taking</b>	<ul style="list-style-type: none"> <li>The setting of performance targets, a sufficiently long evaluation period, and compensation capping allow excessive short-term risk-taking to be avoided.</li> </ul>

These principles are established in compliance with the recommendations of the AFEP-MEDEF Code, which the Company has voluntarily chosen to refer to, pursuant to Article L. 225-37-4 8° of the French Commercial Code.

More generally, the Compensation Committee regularly ensures that Chief Executive Officer's compensation complies with all applicable laws and requirements in terms of corporate governance.

In addition, the committee takes into account the best market practices regarding the compensation of Chief Executive Officers:

**Market best practices that we follow:**

- Review fixed compensation levels over several years (the CEO's fixed compensation had been unchanged since 2011 and was reduced in 2018)
- Use appropriate peer groups (country based and sector based) to inform (but not dictate) compensation policy
- Review performance criteria and only make modifications when there are material changes to our business strategy and in order to maintain the alignment with shareholders
- Clear mention of a cap for all variable elements
- Set demanding performance conditions
- Have a long-term performance criterion linked to shareholder return
- Subject long-term compensation plans to four-year vesting conditions
- Implement post-mandate vesting policy for long-term incentives
- Engage and meet regularly with our shareholders
- Compensation Committee comprised of a majority of independent Board members

**Practices we do not follow:**

- Pay for failure: pay variable components in the event of poor performance of the Group
- Place a disproportionate weight on short-term variable compensation versus long-term variable compensation
- Overly weight qualitative criteria in the annual variable compensation
- Reward excessive or inappropriate risk-taking
- Have extraordinary severance payments in addition to the two-year non-compete indemnity
- Provide excessive severance or sign-on arrangements to our executives

To evaluate the Chief Executive Officer's compensation in light of market practices with a view to ensure the competitiveness of the compensation, the Compensation Committee, assisted by a firm of specialised consultants, annually examines the components of compensation due or awarded by comparable companies to their Chief Executive Officers. This analysis is based, firstly, on the CAC 40 companies, all of which are leading French companies, and secondly, on the practices of comparable multinational organizations in the Automotive sector.

The Compensation Committee also takes into account the expectations voiced by the main shareholders of Renault by way of regular meetings.

As was done last year, the Chairman of the Compensation Committee summarizes this dialogue and the recommendations of the committee, in the following letter.

### 3.4.1.1 Chairman of the Compensation Committee's letter



Madam, Sir, Dear Shareholder,

During the Combined General Meeting held on June 15, 2017, you expressed a favourable opinion of the components of compensation due or allocated to the Chairman and Chief Executive Officer for the 2016 financial year. You also approved the principles and criteria for determining, distributing and allocating the elements of the compensation and the benefits for the Chairman and Chief Executive Officer of Renault for the 2017 financial year.

First, we would like to thank you for your vote of approval.

In assessing the variable compensation to be awarded to the Chairman and Chief Executive Officer for 2017, the Compensation Committee took into account the record results achieved by the Company during the year 2017. Last year I had the opportunity to recall exceptional results for 2016. The results for 2017 are even better and represent a new record for Renault:

- revenues increased by almost 15%, to approximately €59 billion;
- automotive revenues, excluding the effect of the AVTOVAZ consolidation, increased by almost 10% thanks to an 8.5% increase in car registrations;
- RCI Bank, the sales and services financing subsidiary, increased its sales by almost 12%;
- Group operating margin stood at 6.6% of revenues (6.8% of revenues excluding AVTOVAZ).

The remarkable results, supported by a favorable automotive context, are above all the result of the strategy implemented by the management of Groupe Renault and of the rigor of its execution. These results also enabled Groupe Renault to maintain a significant level of investment, particularly in research & development, while still generating a positive Automotive operational free cash flow of €945 million.

The success of the "Drive the Change" plan confirms our conviction that our compensation policy has incentivised the executives and served the best interests of the Company and of its shareholders.

In line with the desire to serve the interests of the Company and shareholders, the Compensation Committee has proposed to modify some elements of the 2018 compensation policy. These changes aim to ensure a better alignment of the management team's incentives with the Company's key strategic objectives announced under the new "Drive the Future" plan and to reflect the new organisation of the Group's executive team. As in previous years, the Committee sought the views of shareholders. Throughout the last twelve months, meetings were held with a number of our top shareholders; these meetings enabled the Committee to take shareholder perspectives into account when formulating the new elements of the compensation policy and to consider disclosure regarding the strategic rationale behind these changes, in line with shareholder requests for greater transparency.

In October 2017, Groupe Renault revealed "Drive the Future", its new strategic mid-term plan for the years 2017-2022. Among the plan's key ambitions are the goals of increasing synergies gained through the Alliance and of cementing the Group's position as the European leader in the electric vehicles market. To underscore the importance of these strategic goals, the Compensation Committee decided to incorporate two new performance criteria as vesting conditions for the 2018 long-term incentive plan, which is detailed later in this document. At the same time, in response to shareholder recommendations to avoid a compensation structure that is too complex, one performance criterion was removed.

In February 2018, Groupe Renault announced a major change in its management with the appointment of Mr Thierry Bolloré as Group Chief Operating Officer. This change is intended to enable the Chairman and Chief Executive Officer to focus on steering the strategic objectives of the "Drive the Future" mid-term plan, taking the decisive steps required to make the Alliance irreversible, and strengthening the succession plan at the head of Groupe Renault. Due to the delegation of numerous operational responsibilities to the Chief Operating Officer, the Compensation Committee recommended a reduction in the overall amount of the Chairman and Chief Executive Officer's compensation.

These recommendations have been approved by the Board of Directors during its meeting held on February 15, 2018. The new compensation structure for the Chairman and Chief Executive Officer for the 2018 financial year is detailed in this document.

The Compensation Committee is convinced that the 2018 compensation policy, which will be submitted to you for approval at the Annual General Meeting of June 15, 2018, will create long-term value for shareholders.

Finally, the Compensation Committee is committed to continuing the dialogue with shareholders on a regular basis.

Sincerely yours,

Patrick Thomas  
Chairman of the Compensation Committee

### 3.4.1.2 Compensation structure for the Chief Executive Officer

The compensation policy for the Chairman and Chief Executive Officer consists of:

- a **fixed portion**, corresponding to a fixed compensation in cash determined in line with the role, level of responsibility, and experience of the Chief Executive Officer;
- a **variable portion**, comprising two distinct sub-components:
  - **annual variable compensation**: this aims to ensure that part of the compensation of the Chief Executive Officer depends on the Company's main operational, financial, and managerial objectives being achieved; 25% of this compensation is paid in cash; the balance is deferred and paid in the form of shares, subject to satisfying a presence condition,

- **long-term variable compensation**: this consists of performance shares, designed to strengthen the alignment of the interests of the Chief Executive Officer with those of shareholders by making their vesting subject to the achievement of performance criteria assessed over a period of three years. In addition to the performance criteria, the vesting of shares is subject to an additional presence condition of four years.

In addition to these compensation components, the Chairman and Chief Executive Officer benefits from a **top-up pension scheme** and has entered into a **non-competes agreement** with the Company.

As a director, the Chairman and Chief Executive Officer receives **attendance fees**. No compensation is allocated to him for his duties as Chairman of the Board of Directors.

Pursuant to the recommendations of the AFEP-MEDEF Code and the recommendations of the French Financial Market Authority (*Autorité des Marchés Financiers*, AMF), the Chairman and Chief Executive Officer does not hold an employment contract with the Company.

## 3.4.2 Compensation policy for the Chief Executive Officer for the 2018 financial year

During its meeting on February 15, 2018, the Board of Directors, on the recommendation of the Compensation Committee, set the compensation policy for the Chairman and Chief Executive Officer for the 2018 financial year, pursuant to the principles set out above (see Chapter 3.4.1 of the Registration document).

Given the evolution of the structure of the Company management, marked by the redefinition of the mission assigned to the Chairman and Chief Executive Officer as part of the renewal of his functions, as well as by the appointment of Mr Thierry Bolloré as Chief Operating Officer effective February 19, 2018, the Board of Directors decided, upon the recommendation of the Compensation Committee, to decrease the total amount of the compensation attributable to the Chairman and Chief Executive Officer for the 2018 financial year.

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer for the 2018 financial year will be submitted for ratification at the Company's Combined General Meeting on June 15, 2018.

It should be noted that payment of the Chairman and Chief Executive Officer's variable and exceptional compensation components for the 2018 financial year is subject to the subsequent approval, by a Company Ordinary Annual General Meeting, of the fixed, variable, and exceptional components of the overall compensation and the benefits of all kinds

paid or allocated to the Chairman and Chief Executive Officer for the 2018 financial year.

### Draft resolution submitted to the Annual General Meeting of June 15, 2018 pursuant to Article L. 225-37-2 of the French Commercial Code

#### Approval of the principles and criteria for determining, allocating, and awarding the components of the overall compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer for the 2018 financial year

The Annual General Meeting, voting pursuant to the quorum and majority rules applicable to ordinary general meetings, and having reviewed the Board of Directors' reports, in accordance with the provisions of Article L. 225-37-2 and R. 225-29-1 of the French Commercial Code, approves the principles and criteria for determining, allocating, and awarding the fixed, variable and exceptional components that make up the overall compensation and benefits of any kind attributable to the Company's Chairman and Chief Executive Officer for the 2018 financial year, which were set by the Company's Board of Directors on the proposal of the Compensation Committee, which are described in the report on corporate governance referred to in Article L. 225-37 of the French Commercial Code, inserted in Chapter 3 of the Company's 2017 Registration document, and in the report of the Company's Board of Directors.

Component	Payment method	Amounts	Performance and weighting criteria
<b>Fixed compensation</b>	<ul style="list-style-type: none"> <li>100% in cash</li> </ul>	<ul style="list-style-type: none"> <li><b>€1,000,000.</b></li> <li>Amount is a 19% decrease compared to 2017.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Annual variable compensation</b>	<ul style="list-style-type: none"> <li>25% paid in cash.</li> <li>75% paid in shares, on a deferred basis and subject to a three-year presence condition.</li> </ul>	<ul style="list-style-type: none"> <li><b>Target variable portion of 100%</b> of the fixed compensation subject to quantifiable (financial) and qualitative (managerial) criteria being achieved.</li> <li><b>Target reduced by 20 pts</b> compared to 2017.</li> </ul>	<ul style="list-style-type: none"> <li><b>Quantifiable (financial) criteria:</b> 70% maximum of the fixed compensation <ul style="list-style-type: none"> <li>- rate of return on equity (ROE): 10% maximum</li> <li>- Group operating margin (Group OM): 30% maximum</li> <li>- Free cash flow (FCF): 30% maximum</li> </ul> </li> <li><b>Qualitative (managerial) criteria:</b> 30% maximum of the fixed compensation <ul style="list-style-type: none"> <li>- monitoring of the multiyear competitive agreement in France: 6% maximum</li> <li>- quality of CSR and environmental commitments: 7% maximum</li> <li>- development of Alliance synergies and partnerships: 8% maximum</li> <li>- development of a multiyear R&amp;D strategy: 9% maximum</li> </ul> </li> </ul>
<b>Long-term compensation</b>	<ul style="list-style-type: none"> <li>Vesting of performance shares subject to a four-year presence condition and performance criteria being achieved</li> <li>25% of the vested shares must be retained until the end of his term of office.</li> </ul>	<ul style="list-style-type: none"> <li><b>Allocation of 80,000 performance shares</b>, subject to performance criteria being achieved.</li> <li><b>Allocation reduced by 20%</b> compared to 2017.</li> <li>Assessment of the level of achievement of performance criteria over a cumulative three-year period (2018, 2019, and 2020).</li> </ul>	<ul style="list-style-type: none"> <li><b>Performance criteria:</b> vesting of 80,000 shares maximum (100%) <ul style="list-style-type: none"> <li>- TSR (total shareholder return) compared to the average TSRs of the Euro Stoxx ex Financials index and the Euro Stoxx Automobile &amp; Parts index: 10%</li> <li>- Free cash flow (FCF): 30%</li> <li>- Manufacturing on the Alliance platforms: 30%</li> <li>- Electric vehicle sales volumes: 30%</li> </ul> </li> </ul>

Pursuant to the compensation principles set by the Board of Directors on the recommendation of the Compensation Committee, the compensation policy for the Chairman and Chief Executive Officer focuses on performance and includes long- and short-term performance criteria that are demanding, stable, verifiable, and quantifiable.

The risk component of the compensation, mainly in the form of shares and, particularly, performance shares, corresponds to a dominant part of the Chairman and Chief Executive Officer's potential compensation in the event the performance criteria are met.

In addition to these components, a non-compete agreement between the Company and the Chairman and Chief Executive Officer has been entered into; it was approved by the Annual General Meeting on April 30, 2015.

The Chairman and Chief Executive Officer also benefits from a top-up pension scheme.

The compensation policy for the Chairman and Chief Executive Officer for the 2018 financial year is set out below.

### Fixed compensation

The fixed portion of the compensation is generally not subject to annual review. Therefore, the fixed portion of €1,230,000 remained unchanged from 2011 through 2017. The fixed portion of the compensation for 2018 has been set to €1,000,000, i.e. a 19% decrease.

### Annual variable compensation

The variable portion of the Chairman and Chief Executive Officer's compensation corresponds to a percentage of the fixed portion, its amount being determined on the basis of performance criteria. On the proposal of the Compensation Committee, these performance criteria are set by the Board of Directors, which assesses their achievement each year.

The amount of the variable portion may be up to 100% of the fixed portion if all performance criteria are achieved, compared to 120% for the 2017 financial year.

For the 2018 financial year, the Board of Directors decided to remove the exceptional additional variable compensation, which in the past could represent up to 60% of the fixed compensation of the Chief Executive Officer.

For the 2018 financial year, the performance criteria set by the Board of Directors include three quantifiable criteria and four qualitative criteria. The Board has deemed these to be key indicators of Groupe Renault's performance.



The criteria and their weighting are shown in the tables below.

### QUANTIFIABLE CRITERIA FOR THE 2018 FINANCIAL YEAR (0% TO 70% OF FIXED COMPENSATION)

	Return on equity (ROE)	Group operating margin (Group OM)	Free cash flow (FCF)
<b>Target</b>	<ul style="list-style-type: none"> <li>The rate of return on equity is a key measurement, indicating the effectiveness with which the Company uses the equity invested by shareholders to generate earnings growth.</li> </ul>	<ul style="list-style-type: none"> <li>The operating margin reflects the Company's profitability.</li> <li>Achievement of this target is a key indicator of the success of the Company's Mid-Term Plan.</li> </ul>	<ul style="list-style-type: none"> <li>A high level of free cash flow demonstrates that strict financial discipline within the Company.</li> <li>Positive <i>Automotive operating free cash flow</i> is imposed each year and is a key driver of long-term growth and allows for dividend payments.</li> </ul>
<b>Weighting</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li>10% maximum.</li> </ul>	<ul style="list-style-type: none"> <li>30% maximum.</li> </ul>	<ul style="list-style-type: none"> <li>30% maximum.</li> </ul>
<b>Payout rate</b>	<ul style="list-style-type: none"> <li>0% if the return on equity is strictly lower than 8%; no payment is made.</li> <li>6% if the return on equity is equal to 8%.</li> <li>10% if the return on equity is equal to or higher than 10% (target and maximum).</li> <li>Linear interpolation if the return on equity is between 8% and 10%.</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>	<ul style="list-style-type: none"> <li>0% if the operating margin is strictly lower than the budget; no payment is made.</li> <li>20% if the operating margin is equal to the budget.</li> <li>30% if the operating margin is equal to or higher than the budget + 0.2 percentage points.</li> <li>Linear interpolation if the operating margin is between the budget and the budget + 0.2 percentage points (maximum).</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>	<ul style="list-style-type: none"> <li>0% if free cash flow is strictly lower than the budget; no payment is made.</li> <li>20% if free cash flow is equal to the budget.</li> <li>30% if free cash flow is equal to or above budget + 50%.</li> <li>Linear interpolation if free cash flow is between the budget and the budget + 50% (maximum).</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>

### QUALITATIVE CRITERIA FOR THE 2018 FINANCIAL YEAR (0% TO 30% OF FIXED COMPENSATION)

	Development of a multiyear R&D strategy	Development of Alliance synergies and partnerships	Quality of CSR and environmental commitments	Monitoring of France multiyear agreement <sup>(1)</sup>
<b>Target</b>	<ul style="list-style-type: none"> <li>These criteria measure the Company's strategic progress from a qualitative point of view, using targets that can be evaluated and measured by the Compensation Committee and the Board of Directors. These targets are designed to reflect the management's progress in the development of robust synergies and effective Research and Development work.</li> <li>The Company aims to offer innovative products and robust returns for its shareholders, in line with the interests of stakeholders (employees, clients, shareholders, purchasers, and suppliers), and generate sustainable growth and profitability.</li> </ul>			
<b>Examples of indicators</b>	<ul style="list-style-type: none"> <li>Level of investment in R&amp;D, and monitoring of Capex.</li> <li>Pursuing the standardisation policy (CMF approach – Common Module Family).</li> <li>Pursuing the electric vehicle market development plan.</li> <li>Product coverage in each region.</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships (growth in the number of projects with partners, development of synergies and cost reduction).</li> <li>Integration of AVTOVAZ.</li> </ul>	<ul style="list-style-type: none"> <li>Emissions performance.</li> <li>Diversity.</li> <li>Health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing volume.</li> <li>R&amp;D + Capex.</li> <li>Recruitment volume.</li> </ul>
<b>Weighting</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li>9% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>8% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>7% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>6% if on target and maximum.</li> </ul>

(1) For further details regarding this agreement, see Chapter 2.4.4.3.

### Annual variable compensation payment conditions

The annual variable compensation payment conditions are as follows:

- 25% of the annual variable portion is paid in cash;
- the balance (75%) is paid in shares on a deferred basis, subject to a three-year presence condition within the Company as from the date of the Board of Directors' meeting that will determine, in early 2019, the achievement rate of the performance criteria (resulting in vesting in 2022). This annual variable compensation will be converted into shares on the basis of the average Renault share price over the previous twenty trading days prior to the date on which the Board of Directors meets to decide its amount. This conversion value may increase or decrease during the aforementioned three-year period, in line with Renault's share price. The shares allocated to the Chairman and Chief Executive Officer will be existing shares, such that this allocation has no dilutive effect for shareholders. The deferred payment in shares of the annual variable compensation strengthens the alignment with shareholders' interests.

It should be noted that pursuant to Article L. 225-37-2 of the French Commercial Code, payment of the annual variable compensation to the Chairman and Chief Executive Officer for the 2018 financial year is subject to its approval by the 2019 Annual General Meeting.

### Multiyear variable compensation

The Chairman and Chief Executive Officer will not receive multiyear variable compensation.

### Exceptional compensation

The Chairman and Chief Executive Officer will not receive any exceptional compensation in 2018.

### Long-term compensation

Pursuant to the Company's compensation principles, the Chairman and Chief Executive Officer's compensation mainly takes the form of long-term compensation (the vesting of which is subject to performance criteria), to ensure alignment of the Chairman and Chief Executive Officer's compensation with shareholder interests.

Since 2013, Groupe Renault has decided to cease using stock options and implement only performance share plans as part of its long-term compensation policy.

Long-term compensation is allocated annually. The use of this type of long-term compensation is aligned with market practice in France and the worldwide market. The number of performance shares allocated to the Chief Executive Officer is expressed as an absolute number, rather than as a percentage of the salary, with the result that upward and downward fluctuations in the share price affect the corresponding total value.

The Chairman and Chief Executive Officer is allocated performance shares, with the same vesting conditions as the other executives in the Group (see Chapter 3.4.5 of the Registration document) plus one additional performance criterion applied to him in his capacity as Chief Executive Officer.

### Allocation for the 2018 financial year

Pursuant to the authorisation granted by the Annual General Meeting on April 29, 2016, following the proposal of the Compensation Committee, the Board of Directors on February 15, 2018 allocated 80,000 performance shares to the Chairman and Chief Executive Officer for the 2018 financial year. This number, decided on the basis of the Company's compensation policy (which dictates that compensation must mainly comprise shares), has decreased by 20% with respect to the previous financial year, and also constitutes the maximum number of performance shares (except in the case of a change in the par value of Renault shares).

### Evolution of criteria following "Drive the Future" mid-term plan

As part of the implementation of the 2017-2022 "Drive the Future" mid-term plan, the Compensation Committee considered that the vesting of the performance shares should be subject to performance criteria related to targets contained in the mid-term plan, aiming to ensure the sustainable economic performance of Groupe Renault.

In consideration of the multiple challenges that the automotive industry faces, the Compensation Committee considered that two targets of the "Drive the Future" mid-term plan are paramount and proposed to the Board that the vesting of performance shares allocated to the Chairman and Chief Executive Officer for the 2018 financial year be subject to two new criteria:

#### a) the pursuit of synergy development within the Alliance

This criterion is measured through the percentage of vehicles manufactured on an Alliance platform of the Common Module Family ("CMF"). This family groups the platforms developed in common within the Alliance. As part of the mid-term plan, a roadmap of the number of vehicles manufactured on common platforms has been defined over the duration of the plan, with annual milestones. These milestones have been selected as performance indicators. The development of manufacturing on these common platforms is key for the acceleration of synergies, as their utilization determines to a large extent the level of "commonality" of technologies and parts and, therefore, the ability to share costs and take advantage of the scale effects of the Alliance.

#### b) the evolution of electric vehicles sales

This criterion is measured through sales volumes of electric vehicles by Groupe Renault. As a pioneer in 100% electric vehicles, Groupe Renault is convinced that the widespread use of this technology will be an essential component to the Automotive industry's response to environmental challenges, and aims to remain a leader in electric vehicle by expanding its fleet by 8 vehicles during the plan period.

This is by nature a long-term objective for Renault, since it requires a fundamental evolution of the business model. The terms of reference for this criterion will be consistent with the trajectory of the "Drive the Future" mid-term plan. Within this plan, an annual budget for the sale of electric vehicles will be updated every year. The Compensation Committee considers that this will make it possible to take into account possible changes in the electric vehicle ecosystem (subsidies, regulations in large cities, infrastructure development, etc.), which remains highly volatile and which could have an impact upon performance.

For these two new criteria, the targets are demanding and represent a meaningful challenge for the Company as they require a significant change in practices within the Group.

During our meetings with investors, shareholders clearly expressed the preference not to complicate the remuneration structure, in particular by an excessively high number of criteria. As a result, following the introduction of the two new performance criteria, the Compensation Committee proposed to remove the criterion relating to the Automotive operating margin compared to the panel average, since:

- its relevance has diminished, because at the date of introduction of this criterion, Groupe Renault was going through an upturn phase and had to prove its ability to attain performance similar to that of comparable carmakers, which was achieved when the profitability of the Group returned to the average of the panel;
- the business scope of the different members of the panel tends to change so that the stability and relevance of external information seem to be no longer ensured over time and could raise interpretation issues; and
- in any event, the Automotive operating margin will remain indirectly one of the elements of performance measurement since it directly influences the free cash flow criterion.

The Compensation Committee considers that all these performance criteria are demanding, stable, verifiable and quantifiable.

### Evolutions of the weighting of the criteria

Upon the modification of these criteria, the Compensation Committee proposed to the Board the following weightings for each criterion:

- a 30% weighting has been allocated to each of the new criteria. Indeed, the Compensation Committee considers that they are essential to the Group's mid-term success. The ability to share costs and take advantage of the Alliance's economies of scale is critical to the Company's sustained profitability. The success of Groupe Renault's selective vehicle strategy is essential to positioning the Group to take advantage of the current energy revolution and maintain the lead it has taken in this technology. This high level of weighting appeared necessary in order to ensure a long-lasting motivation to carry out mid-term founding actions;
- Free Cash-Flow (FCF) has also a 30% weighting. The FCF has been at the center of the management objectives of the Company for a long time. It allows to ensure that the enforcement of rigor and discipline in the Company's investment policy. The fact that the performance is measured over a three-year period reduces the risk of short-term management for this indicator. One of the key variable inputs of the FCF is cash-flow, which depends highly on the operational profitability of the Group;
- as a consequence, the weighting of the Total Shareholder Return (TSR) changed to 10%, knowing that the compensation structure already ensures the alignment of the interests of the Chief Executive Officer with those of shareholders as 63% of his compensation is paid in shares.

During its meeting of February 15, 2018, the Board of Directors approved the recommendations of the Compensation Committee considering that the four performance criteria for the assessment of long-term performance of the Chief Executive Officer, as well as their weighting will allow to promote a robust performance for Groupe Renault and are key contributors to the creation of long-term value for investors.



The number of shares vested by the Chairman and Chief Executive Officer out of the 80,000 performance shares allocated depends on the following performance criteria being achieved:

#### LONG-TERM PERFORMANCE CRITERIA <sup>(1)</sup>

	Total shareholder return (TSR)	Free cash flow (FCF)	Manufacturing on the Alliance platforms	Electric vehicles
<b>Targets and means of application</b>	<ul style="list-style-type: none"> <li>TSR is the market criterion which reflects variations in share prices, and dividends paid. Relative TSR reflects the value delivered to shareholders, compared to the value created by alternative investments to which they have access.</li> <li>TSR is calculated by reference to a benchmark, which corresponds to the sum of the average TSR Euro Stoxx Auto &amp; Parts index results and the average Euro Stoxx ex Financials index results (both weighted equally).</li> </ul>	<ul style="list-style-type: none"> <li>Free cash flow (FCF) is a key component of the Company's growth capacity, as it underlies its capacity for financing the investments necessary for long-term growth and allows dividend payments.</li> </ul>	<ul style="list-style-type: none"> <li>This criteria is a strategic pillar for the achievement of the objectives of the "Drive the Future" plan and corresponds to the percentage of manufacturing on the Alliance platforms Common Module Family (CMF) compared to the "Drive the Future" Mid-Term Plan (MTP) indicator.</li> <li>The capacity to share costs and obtain profits from the Alliance scale effects are key for the sustainability of the Company's profitability.</li> </ul>	<ul style="list-style-type: none"> <li>This criteria is a strategic pillar for the achievement of the objectives of the "Drive the Future" plan and corresponds to the electric vehicles sales volume.</li> <li>The success of the electric strategy is crucial in order to face the ongoing energetic revolution and to maintain the Company's lead in this technology.</li> </ul>
<b>Weighting</b> (as a percentage of allocation)	<ul style="list-style-type: none"> <li>10%</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> </ul>
<b>Payment rate</b>	<ul style="list-style-type: none"> <li>0% if the TSR is strictly lower than the benchmark.</li> <li>4.5% if the TSR is equal to the benchmark.</li> <li>10% if the TSR is equal to or higher than the benchmark +10%</li> <li>Linear interpolation if TSR is between the benchmark and the benchmark +10%.</li> </ul> <p><i>As this is a relative criterion, the amount of the target is not yet known. The Company will disclose the average figure and the relevant degree of achievement at the end of the performance period.</i></p>	<ul style="list-style-type: none"> <li>0% if FCF is strictly lower than the budget.</li> <li>21% if FCF is equal to the budget</li> <li>30% if FCF is higher than or equal to the budget +20%.</li> <li>Linear interpolation if FCF is between the budget and the budget +20%.</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>	<ul style="list-style-type: none"> <li>0% if the percentage of the CMF manufacturing is strictly lower than the MTP indicator.</li> <li>21% if the percentage of the CMF manufacturing is equal to the MTP indicator.</li> <li>30% if the percentage of the CMF manufacturing is higher than or equal to the MTP indicator +5%.</li> <li>Linear interpolation if the percentage of the CMF manufacturing is between the MTP indicator and the MTP indicator +5%.</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>	<ul style="list-style-type: none"> <li>0% if the electric vehicles sales are strictly lower than the budget</li> <li>21% if the electric vehicles sales are equal to the budget.</li> <li>30% if the electric vehicles sales are higher than or equal to the budget +5%.</li> <li>Linear interpolation if the electric vehicles sales are between the budget and the budget +5%.</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>

(1) Except for the TSR criterion, which is only applicable to the Chairman and Chief Executive Officer, these criteria are the same for all beneficiaries of performance shares.

These performance criteria are measured over a cumulative three-year period (2018, 2019, and 2020). If no criterion is achieved, no shares are allocated at the end of the vesting period.

Vesting of performance shares is subject to a four-year presence condition starting from the allocation by the Board of Directors, at the meeting held on February 15, 2018, i.e. until February 15, 2022.

#### Obligation of the Chairman and Chief Executive Officer to hold and retain shares vested as a result of performance shares plans

The Chairman and Chief Executive Officer is not subject to a lock-up period beyond the vesting period with respect to the plan. He is however subject to an obligation to retain 25% of the vested performance shares in his capacity as Chief Executive Officer, until the end of his term of office. The aim of this requirement is to ensure the interests of the Chairman and Chief Executive Officer are sufficiently aligned with those of shareholders.

#### Formal commitment by the Chairman and Chief Executive Officer not to engage in risk hedging

Pursuant to the AFEP-MEDEF Code recommendations, the Chairman and Chief Executive Officer has formally committed not to engage in performance share risk hedging until the end of the retention obligation.

#### Consequence of the departure of the Chairman and Chief Executive Officer on the vesting of performance shares

In the event of departure from Groupe Renault before the end of the vesting period, the Chairman and Chief Executive Officer will lose the benefit of all the performance shares allocated to him by the Board of Directors except (i) in some of the cases described below or (ii) in the event of a decision to the contrary by the Company Board of Directors, on the proposal of the Compensation Committee in exceptional circumstances. In the event the rights are exceptionally maintained, the allocation rate would be pro-rated in order to take into account the actual presence of the Chairman and Chief Executive Officer within the Group during the vesting period. There will be no acceleration of the vesting period and the conditions of the plans, including the performance criteria, will continue to apply.

The Chairman and Chief Executive Officer loses the benefit of the performance shares in the event of his position as an officer of the company being revoked before the final day of the vesting period.

Resignation, i.e. the Chairman and Chief Executive Officer leaving office on his sole initiative, prior to the end of the vesting period, results in him losing the benefit of the performance shares.

The benefit of performance shares is maintained without acceleration of the vesting period in the event of compulsory or voluntary retirement of the Chairman and Chief Executive Officer.

The benefit of the performance shares is maintained for the Chairman and Chief Executive Officer in the event of disability. In this case, the performance criteria do not apply.

Furthermore, there is no acceleration clause in the case of change of control.

### Attendance fees

The Chairman and Chief Executive Officer will receive attendance fees up to a maximum of €48,000 in respect of his directorship.

### Benefits in kind

As regards benefits in kind, the Chairman and Chief Executive Officer benefits from the same healthcare insurance as Groupe Renault employees in France.

### Service provision agreements

No service provision agreement has been entered into between the Company and the Chairman and Chief Executive Officer; the Company has no commitment in this respect towards its Chairman and Chief Executive Officer.

### Sign-on bonus

In the event of recruitment of a Chief Executive Officer coming from a company external to Groupe Renault, the Board of Directors, on recommendation of the Compensation Committee, reserves its possibility to allocate a sign-on bonus to cover the potential loss of benefits for the officer.

### Termination benefit and non-compete indemnity

The Chairman and Chief Executive Officer does not benefit from any severance pay clause.

As of 2015, the Board of Directors has authorised a non-compete agreement, the details of which are described in the statutory auditors' report in Chapter 4.3.2.

If the Board of Directors decides to implement this agreement, for the period of application of the agreement (two years), and subject to there being no breach of this agreement, the Chairman and Chief Executive Officer will receive gross financial compensation corresponding to two years' total gross compensation (fixed compensation plus variable compensation). This compensation will be calculated on the basis of compensation paid, as opposed to the theoretical compensation. On the departure of the Chairman and Chief Executive Officer, the Board of Directors will decide whether to apply this non-compete agreement, and may unilaterally waive it.

The aim of this non-compete agreement with the Chairman and Chief Executive Officer is to protect the Company; any non-compete indemnities constitute the necessary financial compensation for the restrictions imposed.

## Pension scheme

The Chairman and Chief Executive Officer benefits from the collective top-up pension scheme arranged for the members of the Group Executive Committee. This scheme is open to new beneficiaries.

The scheme was approved by the Board of Directors in its meetings on October 28, 2004 and October 31, 2006, and by the Annual General Meeting on April 30, 2010 (Resolution 10). It was further confirmed by the Board of Directors on February 12, 2014, and approved by the Annual General Meeting on April 30, 2014 (Resolution 7).

As part of the renewal of the offices of the Company's Chairman and Chief Executive Officer, this scheme has been maintained by the Board of Directors at the meeting held on February 15, 2018 and it will again be subject to the approval of the Annual General Meeting of June 15, 2018.

The top-up pension scheme for the Chairman and Chief Executive Officer includes (a) a defined-contribution scheme and (b) a top-up defined-benefit pension scheme.

#### a) Defined-contribution scheme (Article L. 242-1 of the French Social Security Code)

The Chairman and Chief Executive Officer benefits from a defined-contribution scheme; these contributions correspond to 8% of that part of his annual compensation (fixed and variable components) between eight and sixteen times the annual French Social Security cap (Band D); of this 8% total, 5% is paid by the Company and 3% by the Chairman and Executive Officer.

The Company's commitment is limited to the payment of its share of the contributions to the insurance firm managing the scheme.

#### b) Top-up defined-benefit pension scheme (Article L. 137-11 of the French Social Security Code)

The Chairman and Chief Executive Officer also benefits from a top-up defined-benefit pension scheme, arranged and financed by the Company, the management of which is outsourced to an insurance firm.

Benefiting from this scheme is subject to a seniority condition (five years minimum with the Company and at least two years on the Group Executive Committee) and a presence condition as an officer of the Company, applied as of retirement.

The reference compensation used to calculate the top-up defined-benefit pension scheme is equal to the average of the three highest gross annual compensations (fixed and variable components) over the last ten years of activity prior to retirement.

The annual amount paid into this pension scheme is equal to 10% of the reference compensation, this percentage rising by 1.4 percentage points per year of seniority in excess of five years on the Group Executive Committee, and by 0.4 percentage points per year of seniority other than on the Group Executive Committee, in the case of more than five years' seniority with the Company.

The amount is capped at 30% of the reference compensation.

The reference compensation in question is capped at 65 times the annual French Social Security cap.

In any event, the annual total of these pension amounts for the Chairman and Chief Executive Officer may not exceed 45% of his reference compensation. If this cap is exceeded, the amount of top-up pension will be reduced accordingly.

It should be noted that in its recommendation on the Chief Executive Officer's overall compensation for the 2018 financial year, the Compensation Committee took into account the benefits of a top-up pension scheme.

### 3.4.3 Compensation and commitments benefiting the Chief Executive Officer for 2017

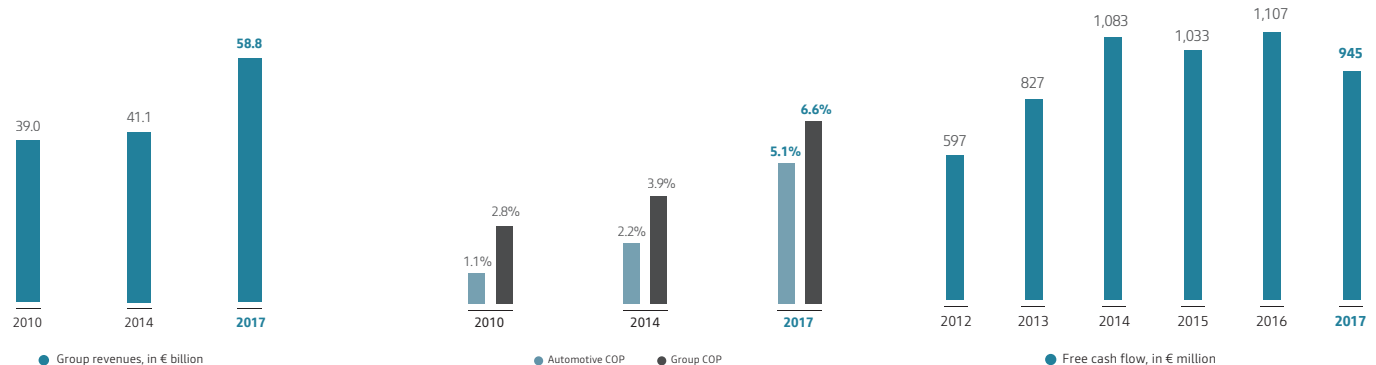
#### 3.4.3.1 2017 compensation components

The elements composing the compensation for the Chairman and Chief Executive Officer due or allocated for the 2017 financial year, to be submitted for the vote of the shareholders during the Annual General Meeting on June 15, 2018 pursuant to Article L. 225-100 of the French Commercial Code, are set out below and summarised in Chapter 3.4.3.2 of the Registration document.

These compensation components must be viewed in the light of Groupe Renault's financial results for the year ended December 31, 2017. The 2017 financial year is a new performance record for Groupe Renault, with revenues totaling €58,770 million and a record operating margin of 6.6% (6.8%, excluding AVTOVAZ, compared to 6.4% in 2016).

#### Groupe Renault's record performance in 2017

2017 was a record year for Groupe Renault. All the key targets for the 2017 financial year have been achieved or exceeded.



In 2017, the Group achieved new records in terms of car registrations with almost 3.8 million vehicles sold (+8.5%). This is the result of the product range renewal and of the development of Groupe Renault's business in dynamic regions. All the regions in which Groupe Renault operates contributed to this performance with 5.6% growth in registrations in Europe and 11.6% outside Europe. From now on, the sales in Europe and outside Europe are almost equal, thus reducing our dependence on any given region. Renault remains the leading French Automotive group worldwide.

As a result of the strong growth in sales, the Company also set new records in terms of its main financial indicators:

- Group revenues, after consolidation of AVTOVAZ, were up by 14.7%, totaling €58,770 million;
- Groupe Renault's operating margin was up by 17.4%, at €3,854 million (6.6% of revenue or 6.8% excluding AVTOVAZ);

It should be noted that:

- the compensation policy pursuant to which these compensation elements were paid or allocated to the Chairman and Chief Executive Officer during the 2017 financial year had been approved by the Company's shareholders during the Annual General Meeting of June 15, 2017;
- the payment of the variable compensation elements of the Chairman and Chief Executive Officer for the 2017 financial year is subject to the approval of the components of the overall compensation and of benefits of any kind paid or allocated to the Chairman and Chief Executive Officer for the 2017 financial year.

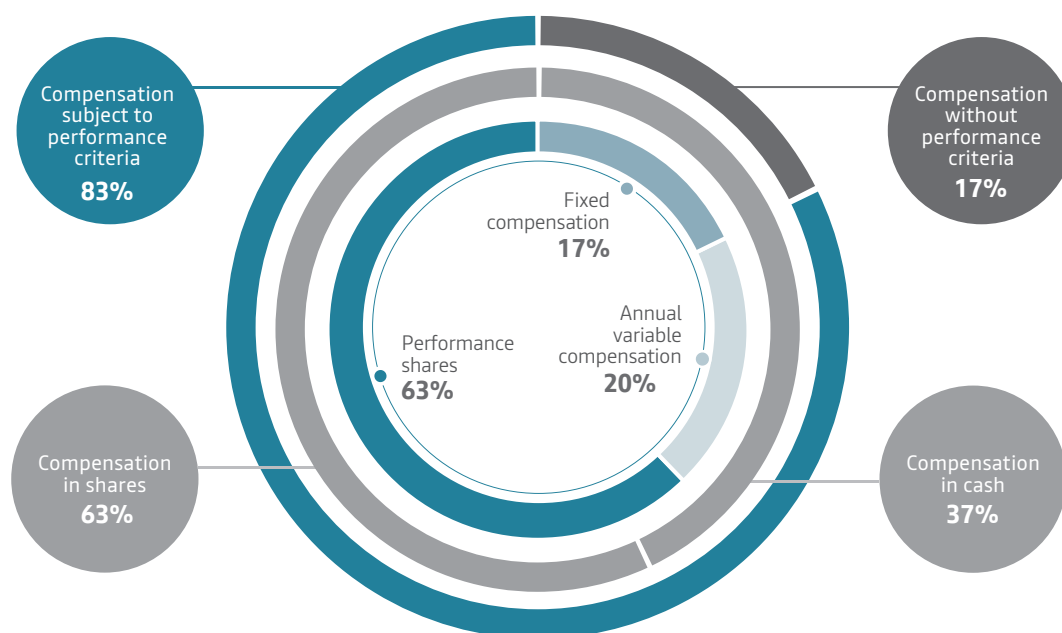
- Groupe Renault's net profit amounted to €5,210 million, but it included non-recurring elements related to Nissan's €1,021 million contribution (excluding these elements, the net result is up by 18.2%);
- the net cash position amounted to €2,928 million, up by €512 million. Automotive operating free cash flow was positive for the ninth year in a row, amounting to €945 million.

On the strength of these results, the Board of Directors will propose a dividend of €3.55 per share at the next Annual General Meeting; this is a 12.7% increase in 2018, which comes after a +31% increase last year.

**STRUCTURE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION FOR THE 2017 FINANCIAL YEAR**

Component	Payment methods	Amounts	Performance and weighting criteria
<b>Fixed compensation</b>	<ul style="list-style-type: none"> <li>100% in cash.</li> </ul>	<ul style="list-style-type: none"> <li>€1,230,000</li> <li>Amount unchanged since 2011</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Annual variable compensation</b>	<ul style="list-style-type: none"> <li>25% paid in cash pursuant to the decision of the Board of Directors setting the amount.</li> <li>75% paid in shares on a deferred basis and subject to a three-year presence condition.</li> </ul>	<ul style="list-style-type: none"> <li><b>Target variable portion of 120%</b> of the fixed compensation subject to quantifiable (financial) and qualitative (managerial) criteria being achieved.</li> <li><b>Additional exceptional variable portion of 60%</b> of the fixed compensation, subject to the following:                             <ul style="list-style-type: none"> <li>achievement of all the quantifiable (financial) and qualitative (managerial) criteria; and</li> <li>additional performance criteria.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Quantifiable (financial) criteria:</b> <ul style="list-style-type: none"> <li>85% maximum of the fixed compensation</li> <li>rate of return on equity (ROE): 15% maximum</li> <li>Group operating margin (Group OM): 35% maximum</li> <li>free cash flow (FCF): 35% maximum</li> </ul> </li> <li><b>Qualitative (managerial) criteria:</b> <ul style="list-style-type: none"> <li>35% maximum of the fixed compensation</li> <li>monitoring of the France multiyear agreement: 7% maximum</li> <li>quality of CSR and environmental commitments: 8% maximum</li> <li>development of Alliance synergies and partnerships: 10% maximum</li> <li>development of a multiyear R&amp;D strategy: 10% maximum</li> </ul> </li> <li><b>Additional exceptional variable portion – additional criteria:</b> 60% of the fixed compensation                             <ul style="list-style-type: none"> <li>Group operating margin (Group OM) is equal to the budget or greater than budget + 0.5 point; and</li> <li>Operating free cash flow (FCF) is equal to or greater than 100% of the annual budget.</li> </ul> </li> </ul>
<b>Long-term compensation</b>	<ul style="list-style-type: none"> <li>Vesting of performance shares subject to a four-year presence condition and performance criteria being achieved.</li> <li>25% of the vested shares must be retained until end of his term of office.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of 100,000 performance shares, subject to performance criteria being achieved.</li> <li>Assessment of level of achievement of performance criteria over a cumulative period of three years (2017, 2018, and 2019).</li> </ul>	<ul style="list-style-type: none"> <li><b>Performance criteria:</b> vesting of 100,000 shares maximum (100%)                             <ul style="list-style-type: none"> <li>TSR (total shareholder return) compared to the average TSRs of the Euro Stoxx ex Financials index and the Euro Stoxx Automobile &amp; Parts index: 33.3%</li> <li>Automotive operating margin (Automotive OM) compared to the average of the panel of car manufacturers: 33.3%</li> <li>Free cash flow (FCF): 33.3%.</li> </ul> </li> </ul>

Following an appraisal by the Board of Directors as to the achievement or otherwise of these quantifiable and qualitative performance criteria, the structure of the Chairman and Chief Executive Officer's compensation for the 2017 financial year is as follows:



In addition to these compensation components, a non-compete agreement between the Company and the Chairman and Chief Executive Officer has been entered into; it was approved by the Annual General Meeting on April 30, 2015.

The Chairman and Chief Executive Officer also benefits from a top-up pension scheme.

All these compensation components for the Chairman and Chief Executive Officer are set out below.

### Fixed compensation

The amount of the Chairman and Chief Executive Officer's gross annual fixed compensation is €1,230,000. This amount remained unchanged from 2011 to 2017.

### Annual variable compensation

The variable portion is a percentage of the fixed portion, the amount of which is determined on the basis of performance criteria. These performance criteria are set by the Board of Directors, which assess whether they have been achieved, following a recommendation by the Compensation Committee.

The Board of Directors, following the recommendation of the Compensation Committee, set three quantifiable performance criteria (see table A below) and four qualitative performance criteria (see table B below).

The variable portion can represent to up to 120% of the fixed portion if all performance targets are achieved. If all these criteria are achieved, an additional exceptional variable compensation of 60% could be awarded, increasing the variable portion to 180% of the fixed portion, subject to additional performance criteria being achieved.

The variable portion is paid as follows:

- 25% of this variable portion is paid in cash;
- the balance (75%) is paid in shares on a deferred basis and subject to a three-year presence condition in the Company.

The shares vested by the Chairman and Chief Executive Officer are existing shares and thus do not result in any dilution for the shareholders.

### Achievement of performance criteria in 2017

The following points should be noted when assessing the degree to which the performance criteria have been met:

- the Automotive sector is a cyclical business, requiring large amounts of capital to be leveraged for research, the development of technologies and products, and production plants. It is therefore important to measure the profitability of the equity made available to the Company in terms of ROE and operating margin. Generation of FCF is also a key indicator for measuring the Company's capacity to finance its development and compensate its shareholders in the form of dividend payouts;
- the sector's profitability is sensitive to changes in volume and the quality of execution of the strategic plans implemented by the management. Although the Company aims to reduce its sensitivity to the Automotive demand cycle, operational profitability is strongly impacted by variations in volume; these can be sudden and erratic;
- FCF generation follows a similar pattern; it is even more volatile due to fluctuations in working capital; these may be very large, depending on the point in the cycle.

In 2017, Groupe Renault achieved record commercial and financial results. All the forecasts announced to the market in early 2017 were exceeded, despite occasional difficult circumstances on some of the Company's key markets. Groupe Renault's performance is among the best for comparable Automotive groups in 2017.

Furthermore, the Company exceeded all the targets set out in the 2017 budget.

Based on this performance, and following the recommendation by the Compensation Committee, at its meeting on February 15, 2018, the Board of Directors noted that the quantifiable performance criteria had been achieved in full (85% out of 85%) and deemed that 33% of the qualitative performance criteria had been achieved (33% out of 35%), giving an overall achievement rate of 118% (out of 120%), broken down as follows.



**TABLE A – ACHIEVEMENT OF QUANTIFIABLE PERFORMANCE CRITERIA IN 2017**

	Rate of return on equity (ROE)	Group operating margin (Group OM)	Free cash flow (FCF)
<b>Target</b>	<ul style="list-style-type: none"> <li>The rate of return on equity is a key measurement, indicating the effectiveness with which the Company uses the equity invested by shareholders to generate growth in its results.</li> </ul>	<ul style="list-style-type: none"> <li>The operating margin reflects the Company's profitability.</li> <li>Achievement of this target is a key indicator of the success of the Company's Mid-Term Plan.</li> </ul>	<ul style="list-style-type: none"> <li>A high level of free cash flow demonstrates that strict financial discipline is adhered to in the Company.</li> <li>Positive Automotive operating free cash flow is imposed each year; this also drives long-term growth and the ability to pay dividends.</li> </ul>
<b>Weighting</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li>15% maximum.</li> </ul>	<ul style="list-style-type: none"> <li>35% maximum.</li> </ul>	<ul style="list-style-type: none"> <li>35% maximum.</li> </ul>
<b>Payment rate</b>	<ul style="list-style-type: none"> <li>0% if the return on equity is strictly lower than 8%; no payment is made.</li> <li>10% if the return on equity is equal to 8%.</li> <li>15% if the return on equity is equal to or higher than 10% (target and maximum).</li> <li>Linear interpolation if the return on equity is between 8% and 10%.</li> </ul>	<ul style="list-style-type: none"> <li>0% if the Group operating margin is strictly lower than the budget; no payment is made.</li> <li>25% if the Group operating margin is equal to the budget.</li> <li>35% if the Group operating margin is equal to or higher than the budget + 0.2 percentage points (maximum).</li> <li>Linear interpolation if the Group operating margin is between the budget and the budget + 0.2 percentage points.</li> </ul>	<ul style="list-style-type: none"> <li>0% if free cash flow is strictly lower than the budget; no payment is made.</li> <li>25% if free cash flow is equal to the budget.</li> <li>35% if free cash flow is equal to or higher than the budget + 50% (maximum).</li> <li>Linear interpolation if free cash flow is between the budget and the budget +50%.</li> </ul>
<b>2017 results and resulting level of payment</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li>Return on equity higher than 15%; this corresponds to 15% of the fixed compensation.</li> </ul>	<ul style="list-style-type: none"> <li>Group operating margin is equal to 6.8% (6.6% including AVTOVAZ, +0.2 percentage points above budget); this corresponds to 35% of the fixed compensation.</li> <li>Rate below the threshold triggering the additional exceptional variable portion.</li> <li>In 2017, budgeted OM was <b>6.4%</b>.</li> </ul>	<ul style="list-style-type: none"> <li>FCF is equal to €945 million (+50% above budget); this corresponds to 35% of the fixed compensation.</li> <li>Rate below the threshold triggering the additional exceptional variable portion.</li> <li>Budgeted free cash flow was <b>€305 million</b>.</li> </ul>

Appraisal of achievement of quantifiable performance criteria excluding any significant change in scope, i.e. excluding AVTOVAZ in particular.

**TABLE B – ACHIEVEMENT OF QUALITATIVE PERFORMANCE CRITERIA IN 2017**

	Development of a multiyear R&D strategy	Development of Alliance synergies and partnerships	Quality of CSR and environmental commitments	Monitoring of the France multiyear agreement <sup>(1)</sup>
<b>Targets</b>	<ul style="list-style-type: none"> <li>These criteria measure the Company's strategic progress from a qualitative point of view, using targets that can be evaluated and measured by the members of the Compensation Committee. These targets are designed to reflect the management's progress in the development of robust synergies and effective Research and Development work.</li> <li>The Company aims to offer innovative products and robust returns for its shareholders, in line with the interests of stakeholders (employees, clients, shareholders, purchasers, and suppliers), and generate sustainable growth and profitability.</li> </ul>			
<b>Examples of indicators</b>	<ul style="list-style-type: none"> <li>Level of investment in R&amp;D, and monitoring of Capex.</li> <li>Pursuing the standardisation policy (CMF approach – Common Module Families).</li> <li>Pursuing the electric vehicle market development plan.</li> <li>Product coverage in each region.</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships (change in the number of projects with partners, development of synergies and cost-reduction).</li> <li>Integration of AVTOVAZ.</li> </ul>	<ul style="list-style-type: none"> <li>Emissions performance.</li> <li>Diversity.</li> <li>Health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing volume.</li> <li>R&amp;D + Capex.</li> <li>Recruitment volume.</li> </ul>
<b>Weighting</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li>10% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>10% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>8% if on target and maximum.</li> </ul>	<ul style="list-style-type: none"> <li>7% if on target and maximum.</li> </ul>
<b>Related level of payment</b> (as a percentage of fixed compensation)	<ul style="list-style-type: none"> <li><b>10%</b> of fixed compensation.</li> </ul>	<ul style="list-style-type: none"> <li><b>9%</b> of fixed compensation.</li> </ul>	<ul style="list-style-type: none"> <li><b>7%</b> of fixed compensation.</li> </ul>	<ul style="list-style-type: none"> <li><b>7%</b> of fixed compensation.</li> </ul>

(1) For further details regarding this agreement, see Chapter 2.4.4.3.

For the 2017 financial year, the annual variable portion for the Chairman and Chief Executive Officer, set at 118% of the fixed portion, amounts to €1,451,400 (compared to €1,414,500 for 2016, corresponding to 115% of the fixed portion).

Following the proposal by the Compensation Committee, in its meeting on February 15, 2018, the Board validated the following payment terms for the variable component:

- variable portion payable in cash (25% of the variable component: €362,850);

- variable portion paid in shares on a deferred basis (75% of the variable portion): €1,088,550, converted at the rate of €87.64 (corresponding to the average Renault share price over the previous twenty trading days prior to the date of the Board of Director's meeting) for 12,421 shares.



Vesting of these 12,421 shares is subject to a three-year presence condition, starting on the date of the meeting of the Board of Directors on February 15, 2018, and ending on February 14, 2021. Their value is subject to upward and downward fluctuations in the share price during this period.

### Multiyear variable compensation

The Chairman and Chief Executive Officer does not receive multiyear variable compensation.

### Exceptional compensation

The Chairman and Chief Executive Officer did not receive any exceptional compensation in 2017.

### Long-term compensation component

Pursuant to the Company's compensation principles, the Chairman and Chief Executive Officer's compensation is composed mainly of long-term compensation (the vesting of which is subject to performance criteria), to ensure alignment of the Chairman and Chief Executive Officer's compensation with shareholder interests.

Since 2013, Groupe Renault has decided to cease using stock option plans and implement only performance share plans as part of its long-term compensation policy.

Pursuant to this policy, performance shares are awarded to the Chairman and Chief Executive Officer.

The number of shares vested by the Chairman and Chief Executive Officer out of the 100,000 performance shares awarded depends on the following performance criteria being achieved:

#### LONG-TERM PERFORMANCE CRITERIA <sup>(1)</sup>

	Total shareholder return (TSR)	Automotive operating margin (Automotive OM) compared to the panel average	Free cash flow (FCF)
<b>Target and means of application</b>	<ul style="list-style-type: none"> <li>TSR is a criterion reflecting variations in share prices, and dividend paid. Relative TSR reflects the value delivered to shareholders, compared to the value created by alternative investments to which they have access.</li> <li>TSR is calculated by reference to a benchmark, which is the sum of the average TSR Euro Stoxx Auto &amp; Parts index results and the average TSR Euro Stoxx ex Financials index results (both weighted equally).</li> </ul>	<ul style="list-style-type: none"> <li>The operating margin reflects the Company's profitability. Achievement of this target is a key indicator for the achievement and success of the Company's Mid-Term Plan.</li> <li>The Automotive operating margin (Automotive OM) as a percentage of the average of the panel of car manufacturers with the same geographic and sector-based characteristics (PSA Auto, Fiat auto EMEA, Volkswagen Brand, Skoda Brand, and the Company) enables developments in profitability in its competitive setting, subject to the same economic drivers, to be measured and appraised.</li> </ul>	<ul style="list-style-type: none"> <li>Free cash flow (FCF) is a key component of the Company's growth capacity as it underlies its capacity for financing the investments necessary for long-term growth and allows dividend payments.</li> </ul>
<b>Weighting</b> (as a percentage of allocation)	<ul style="list-style-type: none"> <li>33.3%</li> </ul>	<ul style="list-style-type: none"> <li>33.3%</li> </ul>	<ul style="list-style-type: none"> <li>33.3%</li> </ul>
<b>Payment rate</b>	<ul style="list-style-type: none"> <li>0% if the TSR is strictly lower than the benchmark.</li> <li>15% if the TSR is equal to the benchmark.</li> <li>33.3% if the TSR is higher than or equal to the benchmark + 10%.</li> <li>Linear interpolation if TSR is between the benchmark and the benchmark + 10%.</li> </ul> <p><i>As this is a relative criterion, the amount of the target is not yet known. The Company will disclose the average figure and the relevant degree of achievement at the end of the performance period.</i></p>	<ul style="list-style-type: none"> <li>0% if the Automotive OM is strictly lower than the average.</li> <li>26.7% if the Automotive OM is equal to the average.</li> <li>33.3% if the Automotive OM is equal to or higher than the average + 5%.</li> <li>Linear interpolation if the OM is between the average and the average + 5%.</li> </ul> <p><i>As this is a relative criterion, the amount of the target is not yet known. The Company will disclose the average figure and the relevant degree of achievement at the end of the performance period.</i></p>	<ul style="list-style-type: none"> <li>0% if FCF is strictly lower than the budget.</li> <li>26.7% if FCF is equal to the budget.</li> <li>33.3% if FCF is higher than or equal to the budget + 10%.</li> <li>Linear interpolation if FCF is between the budget and the budget + 10%.</li> </ul> <p><i>For reasons of commercial confidentiality, the Company does not disclose the target figures for this criterion ex-ante. However, the Company will publish the degree of achievement for this criterion at the end of the performance cycle.</i></p>

(1) Except for the TSR criterion, which is only applicable to the Chairman and Chief Executive Officer, these criteria are the same for all beneficiaries of performance shares.

### Performance shares (as authorised by the Annual General Meeting on April 29, 2016)

The Chairman and Chief Executive Officer benefits from performance shares, under the same conditions as the other executives in the Group (see Chapter 3.4.5 of the Registration document), subject to an additional performance criterion applied to him in his capacity as Chief Executive Officer.

Pursuant to the authorisation granted by the Annual General Meeting on April 29, 2016, following the proposal of the Compensation Committee, on February 9, 2017 the Board of Directors awarded 100,000 performance shares to the Chairman and Chief Executive Officer for the 2017 financial year. This number, decided on the basis of the Company's compensation policy (according to which compensation must mainly comprise shares), has remained unchanged with respect to the previous financial year, and represents an amount in line with the practice of multinationals in the Automotive sector.

It should be noted that allocations of performance shares are subject to the following caps:

- the total number of performance shares awarded may not exceed 1.5% of the share capital over three years, i.e. an average of 0.5% of the share capital each year;
- the number of performance shares allocated to the Chairman and Chief Executive Officer may not exceed 15% of the total number of shares awarded.

These performance criteria are appraised over a cumulative period of three years (2017, 2018, and 2019) and exclude any significant change of scope, in particular AVTOVAZ. If no criterion is achieved, no shares are allocated at the end of the vesting period.

The vesting of performance shares is also subject to a four-year presence condition starting at the time of allocation, running until February 9, 2021.

The percentage of performance shares awarded to the Chairman and Chief Executive Officer in 2017 accounts for 0.03% of the overall budget approved by the Annual General Meeting on April 29, 2016 and 7% of the overall budget allocated to all the beneficiaries on February 9, 2017.

### Obligation of the Chairman and Chief Executive Officer to hold and retain shares vested as a result of performance shares plans

The Chairman and Chief Executive Officer is not subject to a lock-up period beyond the vesting period with respect to the plan. He is however subject to an obligation to retain 25% of the vested performance shares in his capacity as Chief Executive Officer, until the end of his term of office.

### Formal commitment of the Chairman and Chief Executive Officer not to engage in risk hedging

Pursuant to the AFEP-MEDEF Code recommendations, the Chairman and Chief Executive Officer has formally committed not to engage in performance share hedging until the end of the retention obligation.

## ACHIEVEMENT RATES OF THE PERFORMANCE CRITERIA FOR PREVIOUS LONG-TERM INCENTIVE PLANS

As part of a transparency process, the Company committed to disclose in its Registration document the achievement rate determined by the Board of Directors for performance criteria applicable to long-term incentive plans of the Chairman and Chief Executive Officer, at the end of the three-year period over which these criteria are assessed. The Board of Directors considers that this approach allows shareholders to better apprehend the stringency level of the performance criteria.

The table below lists the Chairman and Chief Executive Officer's performance criteria achievement rates for long-term incentive plans whose vesting and lock-up periods have ended.

Year plan	LTI plan	Achievement rate (plans for which the performance evaluation period has ended)
2011	Plan 17	Criteria not achieved
2011-2013	Plan 18	100%
2012	Plan 19	50%
2013	Plan 20	88.48%
2014	Plan 21 bis	95.21% <sup>(1)</sup>

(1) Performance shares are vested. The share price on the date of assessment of the achievement rate was equal to € 82.18.

To assess the stringency of the performance criteria for long-term incentive plans, the following should be noted:

- the automotive industry is a cyclical business. Taking into account the capital that needs to be invested, in particular in research, development and production plants, profitability has historically shown a certain degree of volatility;
- the Company's profitability is therefore largely dependent on the situation of automotive markets, in particular the European market, and the quality of execution of strategic plans.

During its meeting held on June 15, 2017, the Board of Directors determined the achievement rate of the performance criteria of the 2014 long-term incentive plan, as follows:

FCF	Automotive OM	TSR	Achievement rate
FCF higher than the results of the budget which were + 10% Achievement rate of 33.33%	4 <sup>th</sup> place in 2014 2 <sup>nd</sup> place in 2015 3 <sup>rd</sup> place in 2016 Achievement rate of 28.55%	TSR higher on the total period Achievement rate of 33.33%	95.21%

On February 11, 2015, 100,000 performance shares were allocated to Mr Ghosn, which will vest in February 2019. These shares are subject to performance criteria assessed over a period of three years (2015, 2016 and 2017). All the information necessary for calculating the achievement rate for the relative Automotive OM criterion was not yet available for the entire panel as of February 2018. Therefore, it was not possible for the Board of Directors to approve the final achievement rate for plan 22. The achievement rate will be disclosed once determined by the Board of Directors, then it will be included in the 2018 Registration document as was done in 2017 for plan 21.

### Attendance fees

The procedures for allocation of attendance fees for the 2017 financial year are set out in Chapter 3.4.4 of the Registration document. In his capacity as Company director, the Chairman and Chief Executive Officer received €47,540 gross for the 2017 financial year.

### Benefits in kind

The Chairman and Chief Executive Officer received benefits in kind (healthcare insurance) with a book value of €5,610.

### Severance pay and non-compete indemnity

The Chairman and Chief Executive Officer does not benefit from any severance pay clause.

As of 2015, the Board of Directors has authorised a non-compete agreement, the details of which are described in the statutory auditors' report in Chapter 4.3.2 and summarised in the table in Chapter 3.4.3.2 of the Registration document.

If the Board of Directors decides to implement this agreement, for the period of application of the agreement (two years), and subject to there being no breach of this agreement, the Chairman and Chief Executive Officer will receive gross financial compensation corresponding to two years' total gross compensation (fixed compensation plus variable compensation). This compensation will be calculated on the basis of compensation paid, as opposed to the theoretical compensation. On the departure of the Chairman and Chief Executive Officer, the Board of Directors will decide whether to apply this non-compete agreement and may unilaterally waive it.

The aim of this non-compete agreement with the Chairman and Chief Executive Officer is to protect the Company.

### Pension scheme

The Chairman and Chief Executive Officer benefits from the collective top-up pension scheme arranged for the members of the Group Executive Committee. This scheme is open to new beneficiaries.

The scheme was approved by the Board of Directors in its meetings on October 28, 2004 and October 31, 2006, and by the Annual General Meeting on April 30, 2010 (Resolution 10). It was further confirmed by the Board of Directors on February 12, 2014, and approved by the Annual General Meeting on April 30, 2014 (Resolution 7).

The top-up pension scheme for the Chairman and Chief Executive Officer includes (a) a defined-contribution scheme and (b) a top-up defined-benefit pension scheme.

#### a) Defined-contribution scheme (Article L. 242-1 of the French Social Security Code (*Code de la Sécurité Sociale*))

The Chairman and Chief Executive Officer benefits from a defined-contribution scheme; these contributions correspond to 8% of that part of his annual compensation (fixed and variable components) between eight and sixteen times the annual French Social Security cap (Band D); of this 8% total, 5% is paid by the Company and 3% by the Chairman and Chief Executive Officer.

The Company's commitment is limited to the payment of its share of the contributions to the insurance firm managing the scheme.

#### b) Top-up defined-benefit pension scheme (Article L. 137-11 of the French Social Security Code)

The Chairman and Chief Executive Officer also benefits from a top-up defined-benefit pension scheme, arranged and financed by the Company, the management of which is outsourced to an insurance firm.

Benefiting from this scheme is subject to a seniority condition (five years minimum with the Company and at least two years on the Group Executive Committee) and a presence condition as an officer of the Company, applied as of retirement.

The reference compensation used to calculate the top-up defined-benefit pension scheme is equal to the average of the three highest gross annual compensations (fixed and variable components) over the last ten years of activity prior to retirement.

The annual amount paid into this pension scheme is equal to 10% of the reference compensation, this percentage rising by 1.4 percentage points per year of seniority in excess of five years on the Group Executive Committee, and by 0.4 percentage points per year of seniority other than on the Group Executive Committee, in the case of more than five years' seniority with the Company.

The amount is capped at 30% of the reference compensation.

The reference compensation in question is capped at 65 times the annual French Social Security cap.

In any event, the total of these annual pension amounts for the Chairman and Chief Executive Officer may not exceed 45% of his reference compensation. If this cap is exceeded, the amount of top-up pension will be reduced accordingly.

The pension scheme for the Company's Chairman and Chief Executive Officer is competitive and corresponds to the practice of CAC 40 companies with respect to their Chairmen and Chief Executive Officers.

As of December 31, 2017, the estimations for retirement at 65 years old are as follows:

	Defined-contribution scheme	Defined-benefit scheme
Annual pension	€14,060	€764,946

All the estimations have been validated independently by Mercer (Marsh & McLennan Companies, Inc.) and Generali, companies unrelated to Groupe Renault.

Pursuant to the provisions of Article 229 II of the "Macron Act" on growth, business, and equal economic opportunities, the commitments made in favor of Mr Carlos Ghosn as regards top-up pensions do not fall within the scope of the Macron Act with respect to the requirement to make the acquisition of new rights subject to performance conditions.

Indeed, Mr Carlos Ghosn joined Renault and the Group Executive Committee on October 14, 1996 and has a total of over 22 years' seniority, corresponding to a substitution rate of 33.8%, capped at 30% of his reference compensation.

It follows that Mr Carlos Ghosn may no longer acquire any new rights under this scheme.

It should be noted that in its recommendation on the Chairman and Chief Executive Officer's overall compensation for the 2017 financial year, the Compensation Committee took into account the benefits of a top-up pension scheme.

### 3.4.3.2 Table summarizing the compensation elements composing the Chief Executive Officer for 2017

Pursuant to the provisions of Article L. 225-100 of the French Commercial Code, the following compensation components due or awarded to Mr Carlos Ghosn for the financial year ending December 31, 2017, are submitted to the shareholders' vote.

The compensation components concerned relate to the following: (i) the fixed portion, (ii) the annual variable portion including the variable portion paid in the form of deferred shares (iii) the performance shares, (iv) the pension scheme, (v) benefits of any kind, and (vi) the non-compete indemnity.

The compensation components due or awarded to Mr Carlos Ghosn, Chairman and Chief Executive Officer, for the 2017 financial year are as follows:

Compensation components due or awarded for the 2017 financial year	Amounts or book value put to the vote	Comments
Fixed compensation	€1,230,000 (amount paid)	The amount of the fixed portion was decided by the Board of Directors on February 9, 2017, following the proposal of the Compensation Committee. This amount has remained unchanged from 2011 to 2017.
Annual variable compensation	€1,451,400 (118% of the fixed portion) including: <ul style="list-style-type: none"> <li>• €362,850 paid in cash;</li> <li>• €1,088,550 paid in shares on a deferred basis as described in the section "Variable compensation paid in shares on a deferred basis" below.</li> </ul>	<p>On the recommendation of the Compensation Committee, in its meeting on February 9, 2017, the Board of Directors decided that the variable component for the Chairman and Chief Executive Officer should correspond to a percentage of the fixed component of up to 120% if all the performance targets are achieved, or 180% if all the performance criteria and additional performance criteria are achieved. The performance criteria set by the Board of Directors for the 2017 financial year are as follows:</p> <ul style="list-style-type: none"> <li>• three quantifiable performance criteria relating to financial performance (85% maximum): <ul style="list-style-type: none"> <li>- rate of return on equity (15% maximum);</li> <li>- Group operating margin (35% maximum);</li> <li>- free cash flow (35% maximum);</li> </ul> </li> <li>• four qualitative criteria relating to managerial quality (35% maximum): <ul style="list-style-type: none"> <li>- monitoring of the France multiyear agreement (7% maximum);</li> <li>- quality of CSR and environmental commitments (8% maximum);</li> <li>- development of Alliance synergies and partnerships (10% maximum);</li> <li>- development of a multiyear R&amp;D strategy (10% maximum).</li> </ul> </li> </ul> <p>The Board of Directors checked that the criteria chosen for the Chief Executive Officer's variable compensation portion also ensured alignment of his interests with the Company's corporate interests and shareholders' interests.</p> <p>The quantified targets for each of the performance criteria are described in Section 3.4.3.1 of the 2017 Registration document.</p> <p>On the proposal of the Compensation Committee, on February 15, 2018, the Board of Directors deemed that the rate of achievement of the financial criteria was 85% and the degree of achievement of the qualitative criteria was 33%, broken down as follows:</p> <ul style="list-style-type: none"> <li>• quantifiable criteria: 85% out of a maximum of 85%, broken down as follows: <ul style="list-style-type: none"> <li>- rate of return on equity: 15% out of a maximum of 15%;</li> <li>- operating margin: 35% out of a maximum of 35%;</li> <li>- free cash flow: 35% out of a maximum of 35%;</li> </ul> </li> </ul> <p>it being specified that the achievement of quantifiable performance criteria was assessed excluding any significant change in scope, i.e. excluding AVTOVAZ;</p> <ul style="list-style-type: none"> <li>- qualitative criteria: 33% out of a maximum 35%, broken down as follows: <ul style="list-style-type: none"> <li>- monitoring of the France multiyear agreement: 7% out of a maximum of 7%;</li> <li>- quality of CSR and environmental commitments: 7% out of a maximum of 8%;</li> <li>- development of Alliance synergies and partnerships: 9% out of a maximum of 10%;</li> <li>- development of a multiyear R&amp;D strategy: 10% out of a maximum of 10%.</li> </ul> </li> </ul> <p>Consequently, the variable compensation for the 2017 financial year amounts to 118% of the fixed portion, namely €1,451,400 (compared to 115% of the fixed portion, namely €1,414,500, for 2016).</p> <p>Following the proposal of the Compensation Committee, on February 15, 2018, the Board of Directors also validated the means for payment of this variable portion pursuant to the following terms, identical to those for 2016:</p> <ul style="list-style-type: none"> <li>• 25% payable in cash in 2018, i.e. €362,850;</li> <li>• the balance, i.e. €1,088,550, paid in shares on a deferred basis, pursuant to the terms set out below (the "<b>Variable compensation paid in shares on a deferred basis</b>").</li> </ul>
Variable compensation paid in shares on a deferred basis	€1,088,550	Vesting of shares received as part of the variable compensation paid in shares on a deferred basis for the 2017 financial year is subject to a three-year presence condition, commencing on the date of the Board of Directors meeting on February 15, 2018, i.e. until February 14, 2021. The variable compensation paid in shares on a deferred basis was converted on February 15, 2018 at the rate of €87.64 (the average of the last 20 trading days prior to the date of the Board Meeting deciding on the allocation) into 12,421 shares.
Multiyear variable compensation	N/A	No multiyear variable compensation.
Exceptional compensation	No amount due for the past financial year	No exceptional compensation.
Long-term compensation components: stock options	N/A	No allocation.

## COMPENSATION OF CORPORATE OFFICERS

Compensation components due or awarded for the 2017 financial year	Amounts or book value put to the vote	Comments
Long-term compensation components: performance shares	€4,641,684 (book value)	<p>Pursuant to the authorisation granted by the Annual General Meeting on April 29, 2016 (Resolution 13), following the proposal of the Compensation Committee, on February 9, 2017 the Board of Directors decided to award 100,000 performance shares to the Chairman and Chief Executive Officer for the 2017 financial year. Vesting by the Chairman and Chief Executive Officer of the 100,000 shares is subject to the following:</p> <ul style="list-style-type: none"> <li>• a four (4) year presence condition, starting on the date of allocation, i.e. until February 9, 2021;</li> <li>• performance criteria, assessed over a cumulative period of three years (2017, 2018 and 2019 financial years), it being specified that performance criteria are assessed excluding any significant change of scope, i.e. excluding AVTOVAZ in particular.</li> </ul> <p>Following the proposal of the Compensation Committee, on February 9, 2017, the Board of Directors decided on the following performance criteria:</p> <ul style="list-style-type: none"> <li>• free cash flow, for one-third of the shares;</li> <li>• the Automotive operating margin as a percentage compared to the average of a panel of car manufacturers with the same geographical and sector-based characteristics (PSA Auto, Fiat auto EMEA, Volkswagen Brand, Skoda Brand, and Renault) for one-third of the shares;</li> <li>• total shareholder return (TSR), in line with CAC 40 practices, for one-third of the shares.</li> </ul> <p>The quantified targets corresponding to these criteria are described in Chapter 3.4.3.1 of the 2017 Registration document.</p> <p>The authorisation granted by the Annual General Meeting on April 29, 2016 covers all performance share allocations as follows:</p> <ul style="list-style-type: none"> <li>• the total number of performance shares awarded may not exceed 1.5% of the share capital over three years, i.e. an average of 0.5% of the share capital each year;</li> <li>• the number of performance shares allocated to the Chairman and Chief Executive Officer may not exceed 15% of the total number of shares awarded.</li> </ul> <p>The Chairman and Chief Executive Officer is not subject to a lock-up period beyond the vesting period with respect to the plan. He is however subject to an obligation to retain 25% of the vested performance shares in his capacity as Chief Executive Officer, until the end of his term of office.</p>
Long-term compensation components: other components	N/A	No allocation.
Attendance fees	€47,540 (amount paid)	<p>This gross amount is paid in respect of his directorship within Renault. The calculation methods applicable to the fees paid to members of the Board of Directors are as follows:</p> <ul style="list-style-type: none"> <li>• a fixed portion of €18,000 per year, in respect of membership of the Board; and</li> <li>• a variable portion of €6,000 per meeting, in respect of the effective presence of members at Board Meetings.</li> </ul> <p>The fixed and variable portions are capped at an overall amount of €48,000 per director per year.</p> <p>A reduction ratio (of approximately 0.95%) was applied to the scale to avoid exceeding the overall budget. Mr Ghosn does not receive attendance fees in respect of his participation at any Board Committee Meetings.</p>
Valuation of benefits of any kind	€5,610 (book value)	This amount of benefits in kind corresponds to the healthcare insurance contribution payments.
Termination benefit	N/A	There is no severance pay clause to the benefit of the Chairman and Chief Executive Officer.
Non-compete indemnity	No amount due for the past financial year	<p>During the meeting on February 11, 2015, the Board of Directors authorised the signature of a non-compete agreement between the Company and Mr Carlos Ghosn, whereby the latter undertakes, as of the end of his term of office as Chief Executive Officer, not to conduct business in competition with that of Groupe Renault, whether directly or indirectly, either for his own account, or for another company.</p> <p>"Business in competition with that of Groupe Renault" means any activity relating to the design, manufacturing, or marketing of vehicles (particularly private vehicles and commercial vehicles) conducted in the same geographic and sector-based areas as that of Groupe Renault at the time when his term of office expires.</p> <p>In particular, the Board of Directors took into consideration (i) the particularly competitive nature of the market in which the Group operates, (ii) the importance of the functions and recognised skills of Mr Carlos Ghosn in this market, (iii) the resources placed at his disposal, (iv) the sensitive information which Mr Carlos Ghosn is aware of or may have access to, and (v) the relationships which he has developed during his office, and concluded that it is necessary to protect the legitimate interests of Groupe Renault by introducing this non-compete agreement.</p> <p>In consideration of his non-compete obligation, Mr Carlos Ghosn shall receive gross financial compensation from the Company, throughout the period of application of the agreement (2 years), subject to this agreement not being breached, corresponding to 2 years' total gross compensation (fixed and variable components), paid in 24 monthly installments.</p> <p>On the departure of Mr Carlos Ghosn, the Company Board of Directors will decide whether to apply this non-compete agreement and may unilaterally waive it.</p> <p>The Annual General Meeting on April 30, 2015 approved the implementation of this non-compete agreement.</p>

Compensation components due or awarded for the 2017 financial year	Amounts or book value put to the vote	Comments
Pension scheme	No amount due for the past financial year	<p>Mr Carlos Ghosn benefits from the collective pension scheme arranged for the members of Groupe Renault's Executive Committee. This scheme is open to new beneficiaries.</p> <p>The scheme was approved by the Board of Directors in its meetings on October 28, 2004 and October 31, 2006, and by the Annual General Meeting on April 30, 2010 (Resolution 10).</p> <p>It was further confirmed by the Board of Directors on February 12, 2014, and approved by the Annual General Meeting on April 30, 2014 (Resolution 7).</p> <p>The pension scheme includes (a) a defined-contribution scheme and (b) a top-up defined-benefit pension scheme.</p> <p><b>(a) Defined-contribution scheme (Article L. 242-1 of the French Social Security Code)</b></p> <p>Mr Carlos Ghosn benefits from a defined-contribution scheme; these contributions correspond to 8% of that part of his annual compensation between eight and sixteen times the annual French Social Security cap; of this 8% total, 5% is paid by the Company and 3% by Mr. Carlos Ghosn.</p> <p>The Company's commitment is limited to the payment of its share of the contributions to the insurance firm managing the scheme.</p> <p><b>(b) Top-up defined-benefit pension scheme (Article L. 137-11 of the French Social Security Code)</b></p> <p>Mr Carlos Ghosn also benefits from a top-up defined-benefit pension scheme, arranged and financed by the Company, the management of which is outsourced to an insurance firm.</p> <p>Benefiting from this scheme is subject to a seniority condition (five years minimum with the Company and at least two years on the Group Executive Committee) and a presence condition as Chief Executive Officer, applied as of retirement.</p> <p>The reference compensation used to calculate the top-up defined-benefit pension scheme is equal to the average of the three highest gross annual compensations (fixed and variable components) over the last ten years of activity prior to retirement.</p> <p>The annual amount paid into this pension scheme is equal to 10% of the reference compensation, this percentage rising by 1.4 percentage points per year of seniority in excess of five years on the Group Executive Committee, and by 0.4 percentage points per year of seniority other than on the Group Executive Committee, in the case of more than five years' seniority with the Company.</p> <p>The amount is capped at 30% of the reference compensation.</p> <p>The reference compensation in question is capped at 65 times the annual French Social Security cap.</p> <p>In any event, the total of these annual pension amounts for the Chairman and Chief Executive Officer may not exceed 45% of his reference compensation. If this cap is exceeded, the amount of top-up pension will be reduced accordingly.</p> <p>The Company's commitments with respect to its Chairman and Chief Executive Officer as of December 31, 2017, based on his seniority as of December 31, 2017, correspond to the following:</p> <ul style="list-style-type: none"> <li>• €14,060 per year for the defined-contribution pension scheme;</li> <li>• €764,946 gross annual retirement pension for the top-up defined-benefit pension scheme.</li> </ul>

### 3.4.3.3 Summary tables

The following tables have been drawn up pursuant to the recommendations of the AFEP-MEDEF Code and the French Financial Market Authority (AMF).

**TABLE 1 – SUMMARY OF THE COMPENSATION, OPTIONS, AND SHARES ALLOCATED TO THE CHIEF EXECUTIVE OFFICER**

(TABLE NO. 1 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

	2017	2016	2015
<b>Carlos Ghosn – Chairman and Chief Executive Officer</b>			
Compensation due for the financial year (details provided in table 2 below) <sup>(1)</sup>	2,734,550	2,698,022	3,066,940
Valuation of options allocated during the financial year (details provided in table 4 below) <sup>(2)</sup>	Nil	Nil	Nil
Valuation of performance shares allocated during the financial year (details provided in table 6 below)	4,641,684	4,360,714	4,184,850
Valuation of other long-term compensation plans	Nil	Nil	Nil
<b>TOTAL</b>	<b>7,376,234</b>	<b>7,058,736</b>	<b>7,251,790</b>

(1) Note: at the initiative of the Chairman and Chief Executive Officer, the payment of 30% of the variable component for the 2012 financial year was deferred and made subject to the condition that the Company meets all its commitments under the France competitiveness agreement. On the recommendation of the Compensation Committee, in its meeting on February 9, 2017, the Board of Directors noted the success of the competitiveness agreement and consequently decided to pay the balance of the deferred variable component due to the Chairman and Chief Executive Officer for the 2012 financial year in 2017, i.e. €431,730.

(2) No option has been allocated since the 2013 financial year. The allocations for the 2013 financial year were made on 12/13/2012.



The Chairman and Chief Executive Officer's total compensation shown in the summary table no 1 takes into account the value of shares subject to performance conditions, the vesting of which is conditional, over the 3-year period from 2017 to 2019. This book value is liable to change until expiry of the vesting period. In 2017, the compensation paid cash for the 2017 financial year corresponds to €1,636,775, including the following components: the fixed portion, 25% of the variable portion, attendance fees relating to the directorship, and the value of benefits in kind (see details in table 2 below). The balance of compensation is subject to a presence condition.

## TABLE 2 – OVERVIEW OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION

### (TABLE NO. 2 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

a) The Chairman and Chief Executive Officer's total compensation paid by the Company was as follows (in euros)

	2017 amounts		2016 amounts		2015 amounts	
	Due	Paid	Due	Paid	Due	Paid
Carlos Ghosn						
Fixed compensation	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000
Variable compensation paid as cash salary	362,850	353,625	353,625	445,875	445,875	453,563
Variable compensation paid in shares, subject to conditions <sup>(1) (2)</sup>	1,088,550	0	1,060,875	0	1,337,625	0
Exceptional compensation	Nil	Nil	Nil	Nil	Nil	Nil
Attendance fees	47,540	47,540	48,000	48,000	48,000	48,000
Benefits in kind	5,610	5,610	5,522	5,522	5,440	5,440
<b>TOTAL</b>	<b>2,734,550</b>	<b>1,636,775</b>	<b>2,698,022</b>	<b>1,729,397</b>	<b>3,066,940</b>	<b>1,737,003</b>

(1) Starting from 2013, the Board of Directors decided that 75% of the variable portion due for any given financial year would be converted into shares, the vesting of which would be subject to performance and presence conditions.

(2) Starting from the variable portion for 2016, the Board of Directors decided that 75% of the variable portion due for any given financial year would be converted into shares, the vesting of which would be subject to presence conditions (this scheme is described in Chapter 3.4.3.1).

### b) Compensation as Chairman and Chief Executive Officer of Nissan Motor Co., Ltd.

Pursuant to the information published by Nissan on June 24, 2016 and June 29, 2017 in its Yukashoken-Hokokusho annual document for the 2015 financial year (from April 1, 2015 to March 31, 2016) and the 2016 financial year (from April 1, 2016 to March 31, 2017) respectively, the total compensation received by Mr Carlos Ghosn in respect of his position as Chairman and Chief Executive Officer of Nissan Motor Co., Ltd. was ¥1,071 million for the 2015 financial year and ¥1,098 million for 2016.

It may be noted that based on the European Central Bank's exchange rate as of March 31, 2017 (i.e. €1 = ¥119.55), ¥1,098 million corresponds to approximately €9,184,442.

This information is directly accessible, along with all updates, on the Company website at the following URL:

<https://group.renault.com/finance/gouvernance/activite-du-conseil-dadministration/>

It should also be noted that since April 1, 2017, Mr Carlos Ghosn no longer holds the office of Chief Executive Officer of Nissan Motor Co., Ltd. However, he still holds the office of Chairman of the Board of Directors of Nissan Motor Co., Ltd.

### c) Compensation as director of AVTOVAZ

Mr Ghosn did not receive any compensation for his position as Chairman and member of the Board of Directors of AVTOVAZ for 2017.

### d) Compensation as director of Mitsubishi Motors Corporation

As of December 2016, Mr Carlos Ghosn is Chairman of the Board of Directors of Mitsubishi Motors Corporation. Japanese Law requires the disclosure of compensations exceeding ¥ 100 million. Mitsubishi Motors Corporation has not published any compensation for Mr Carlos Ghosn in its Yukashoken-Hokokusho annual document for the 2016 financial year.

## TABLE 3 – OVERVIEW OF THE CHIEF EXECUTIVE OFFICER'S BENEFITS

### (TABLE NO. 11 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

Executive Officer	Contract of employment	Pension scheme	Payments and benefits due or liable to be due following cessation/change of office	Payments arising from a non-compete agreement	Other compensation
Carlos Ghosn Chairman and Chief Executive Officer	No	Yes	No	Yes	No

**TABLE 4 – STOCK OPTIONS ALLOCATED DURING THE FINANCIAL YEAR TO THE CHIEF EXECUTIVE OFFICER****(TABLE NO. 4 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)**

No stock options were allocated to the Chief Executive Officer during the 2017 financial year.

**TABLE 5 – STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY THE CHIEF EXECUTIVE OFFICER****(TABLE NO. 5 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)**

The Chief Executive Officer did not exercise any stock options during the 2017 financial year. He no longer holds stock options.

**TABLE 6 – PERFORMANCE SHARES ALLOCATED DURING THE FINANCIAL YEAR TO THE CHIEF EXECUTIVE OFFICER****(TABLE NO. 6 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)**

	Number and date of the plan	Number of shares	Value of performance shares using the method adopted for consolidated accounts	Vesting date	Availability date	Performance conditions
Carlos Ghosn	No. 24 bis 02/09/2017	100,000	4,641,684	02/09/2021	02/09/2021	Yes

**TABLE 7 – PERFORMANCE SHARES AWARDED TO THE CHIEF EXECUTIVE OFFICER WHICH BECAME AVAILABLE DURING THE FINANCIAL YEAR****(TABLE NO. 7 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)**

	Number and date of the plan	Number of shares becoming available during the financial year	Vesting conditions
Carlos Ghosn	-	Nil	-

### 3.4.3.4 Adjustment of annual variable compensation for previous financial years

In addition to a four-year presence condition with the Company, vesting of the shares received as part of the deferred variable component by the Chairman and Chief Executive Officer for the 2013, 2014, and 2015 financial years is subject to financial performance criteria, achievement of which is assessed over three consecutive financial years.

At the time of the annual assessment of achievement of performance criteria, the number of shares corresponding to the deferred variable component of the compensation due to the Chairman and Chief Executive Officer for these financial years is adjusted.

This adjustment, which may result in the number of shares allocated to the Chairman and Chief Executive Officer being reduced or increased by up to 15% each year, is determined on the basis of the same three quantifiable criteria used to calculate the amount of the variable component of the compensation due to the Chairman and Chief Executive Officer for the financial year in question, i.e. the rate of return on equity, the operating margin, and free cash flow.

On the proposal of the Compensation Committee, during the annual assessment, the Board of Directors decided that the performance criteria had been achieved to the highest possible degree, as a result of which it was decided that the adjustment of the deferred variable component should be 115%. This adjustment is the result of the very high growth in financial results during the 2014-2017 period.

The table below summarises deferred variable compensation adjustments due for the 2013, 2014, and 2015 financial years, it being specified that the deferred variable component of this compensation will once again be adjusted for the 2015 financial year, depending on the degree of achievement of performance criteria:

Year	Amount of the deferred component of the variable portion	Average share price 20 days prior to the Board meeting	Number of deferred shares allocated	Number of shares after adjustment for 2014 (x1.15)	Number of shares after adjustment for 2015 (x1.15)	Number of shares after adjustment for 2016 (x1.15)	Number of shares after adjustment for 2017 (x1.15)	Number of shares after adjustment for 2018
2013	€1,038,735	€65.11	15,954	18,347	21,099	24,264	-	-
2014	€1,360,687	€67.25	20,233	-	23,267	26,757	30,771	-
2015	€1,337,625	€75.79	17,649	-	-	20,296	23,340	to be determined in 2019

Vesting of the shares due in respect of the Chairman and Chief Executive Officer's deferred variable component is subject to a presence condition with the Company four years after the date of allocation of the shares, i.e.:

- February 2018 for the deferred variable component due for the 2013 financial year;
- February 2019 for the deferred variable component due for the 2014 financial year; and
- February 2020 for the deferred variable component due for the 2015 financial year.

In the event of departure from Groupe Renault prior to the date of vesting, the Chairman and Chief Executive Officer loses the benefit of the shares allocated to him, except in the case of enforced or voluntary retirement.

The Company's compensation policy from 2016 onwards has been altered in order to discontinue any adjustment of the annual variable component paid in shares for compensation due from the 2016 financial year onwards, with a view to simplifying the compensation structure.

## 3.4.4 Compensation of directors

Pursuant to the provisions of Article L. 225-45 of the French Commercial Code, the Annual General Meeting may allocate compensation to the directors, in respect of attendance fees, the amount of which is maintained until a new decision.

### 3.4.4.1 Amount

The Combined General Meeting on April 29, 2011 set the annual amount for attendance fees to be divided among the directors for the financial year in progress and subsequent financial years at €1,200,000, until a new decision is taken. It is the responsibility of the Board to implement the allocation of this amount.

### 3.4.4.2 Allocation procedure

Recommendation 20.1 of the AFEP-MEDEF Code stipulates that attendance fees paid to directors must include a variable portion relating to effective participation in Board and committee meetings. This variable

portion must be predominant compared to the fixed portion. To comply with this recommendation, on October 8, 2014, the Company Board of Directors decided to alter the rules for the allocation and calculation of attendance fees.

For each year of office, the directors receive the following:

- a fixed portion;
- a variable portion which depends on the effective presence of members at Board and/or committee meetings, it being specified that the variable portion is subject to a cap depending on the body concerned, and that the condition of effective presence does not apply to extraordinary meetings.

Committee Chairs benefit from additional attendance fees for these duties due to their additional responsibilities.

The annual amount of attendance fees allocated to each director in respect of the fixed and variable portions is subject to an overall cap depending on the body concerned.

Since the 2014 financial year, the following calculation rules have applied:

	Fixed portion	Variable portion (per meeting)	Variable portion cap	Overall cap	Chairmanship
Board of Directors	€18,000	€6,000	€30,000	€48,000	€0
Committees (excluding Audit, Risks, and Ethics Committee (CARE))	€1,500	€3,000	€6,000	€7,500	€7,500
CARE	€1,500	€3,000	€9,000	€10,500	€15,000

For the 2017 financial year, the total gross amount of attendance fees allocated to the directors was €1,211,625 (€1,094,056 in 2016), given the significant number of additional meetings of the Board and of the committees in 2017 and the number of directors in each committee.

This amount exceeds the overall budget approved by the Annual General Meeting of April 29, 2011. Therefore, a reduction ratio (of approximately 0.95%) was applied to the scale to avoid exceeding the overall budget.

# 3

## CORPORATE GOVERNANCE

### COMPENSATION OF CORPORATE OFFICERS

#### SUMMARY TABLE

#### TABLE FOR ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS (TABLE NO. 3 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

Directors	Board	Audit, Risks and Ethics Committee	Compensation Committee	Appointments and Governance Committee	International and Industrial Strategy Committee <sup>(3)</sup>	Gross amount of attendance fees allocated (in euros) <sup>(2)</sup>	
						2017	2016
Mr Ghosn	100%	-	-	-	-	47,539	48,000
Mrs Barba <sup>(2)(4)</sup>	100%	-	-	100%	-	46,920	-
Mr Barrat	100%	-	-	-	100%	54,968	6,856
Mr Belda <sup>(2)(5)</sup>	100%	-	100%	50%	100%	34,912	70,500
Mrs Bensalah Chaqroun <sup>(2)(4)</sup>	100%	-	-	-	50%	43,949	-
Mrs Blair	85.71%	33.33%	-	-	-	51,996	43,714
Mrs Darmaillac <sup>(2)(4)</sup>	100%	-	50%	100%	-	50,758	-
Mr Desmarest	85.71%	-	100%	-	100%	68,338	70,500
Mr Faure <sup>(6)</sup>	100%	-	-	-	100%	54,968	48,214
Mr Gentil	100%	-	-	-	100%	54,968	55,500
Mr Ladreit de Lacharrière	71.43%	-	50%	50%	-	65,367	70,500
Mrs de La Garanderie <sup>(2)(5)</sup>	100%	100%	-	100%	-	34,169	66,000
Mr Lagayette	100%	100%	100%	100%	-	83,194	81,000
Mr Ostertag	85.71%	100%	-	-	100%	65,367	66,000
Mr Personne	100%	100%	100%	-	100%	72,795	63,000
Mrs Qiu	85.71%	100%	-	-	-	57,939	27,429
Mr Riboud <sup>(2)(5)</sup>	50%	-	-	-	-	14,856	35,143
Mrs Serizawa	100%	-	-	-	-	47,539	6,857
Mrs Sourisse	100%	100%	-	-	-	57,939	54,214
Mr Thomas	100%	80%	100%	50%	-	75,766	67,500
Mr Vial <sup>(6)</sup>	85.71%	80%	-	100%	-	65,367	64,200
Mr Yamauchi <sup>(2)(7)</sup>	71.43%	-	-	-	50%	50,387	-

(1) The gross amounts are calculated using the calculation methods adopted in 2014 as detailed above, it being noted that, for 2017, a reduction coefficient (of around 0.95) has been applied to the scale in order not to exceed the overall budget.

(2) For directors whose term of office on the Board or one of the committees commenced or ended during the 2017 financial year, the attendance rate is calculated based on the time spent in office rather than on the entire financial year.

(3) The International and Industrial Strategy Committee is the resulting body from the merger between the International Strategy Committee and the Industrial Strategy Committee, decided on April 29, 2016, by the Board of Directors on the recommendation of the Appointments and Governance Committee.

(4) Director whose term of office started on June 15, 2017.

(5) Director whose term of office ended on June 15, 2017.

(6) Directors representing the French State.

(7) Director co-opted on February 9, 2017. This co-optation was ratified by the Annual General Meeting held on June 15, 2017.

## 3.4.5 Compensation of senior executives: performance shares

### 3.4.5.1 Legal framework

In Resolution 13, the Combined General Meeting on April 29, 2016 authorised the Board of Directors to proceed, on one or more occasions, with free allocations of Company existing shares and/or shares to be issued (so-called performance shares) for the benefit of salaried members of staff and/or officers of the Company and/or French or non-French companies or groups directly or indirectly related to it, or certain categories thereof, pursuant to the terms of Article L. 225-197-2 of the French Commercial Code.

Performance share plans are decided annually by the Board of Directors on the recommendation of the Compensation Committee.

In accordance with market best practices, the vesting of performance shares is subject to (i) performance conditions set by the Board of Directors assessed over a minimum period of three years and (ii) a minimum vesting period of three years, it being specified that the total of the vesting and lock-up periods may not be less than four years.

Beneficiaries of performance shares must be employees or officers of Groupe Renault upon vesting of the shares. In the event of departure from Groupe Renault prior to the date of vesting, the beneficiary loses the benefit of the shares allocated to them, except in the case of compulsory or voluntary retirement.

In the event of the death, total or partial invalidity, or extended sick leave of the beneficiary, they retain the benefit of the performance shares, and the performance conditions do not apply.

Performance share allocations granted pursuant to the aforementioned authorisation are subject to the following caps being observed:

- the total number of performance shares allocated may not exceed 1.5% of the share capital over three years, i.e. an average of 0.5% of the share capital each year;
- the total number of performance shares allocated may not exceed 10% of the share capital on the date on which the Board of Directors decides on their allocation;
- the number of performance shares allocated to the Chairman and Chief Executive Officer may not exceed 15% of the total number of shares allocated;
- the number of performance shares allocated to members of the Executive Committee may not exceed 30% of the total number of shares allocated, including performance shares allocated to the Chairman and Chief Executive Officer.

Pursuant to Resolution 13 of the Combined General Meeting on April 29, 2016, performance share allocations do not result in any dilution for the shareholders, as performance shares are shares held by the Company itself.

### 3.4.5.2 General plan allocation policy

#### Compensation Committee

The Board of Directors approves the performance share plans based on the work and recommendations of the Compensation Committee. The committee examines the allocation proposals for certain Groupe Renault employees presented by the Chairman, pursuant to the general scheme decided on by the Annual General Meeting.

#### The purpose of share allocations

The aim of performance share allocations is primarily to personally associate the worldwide management of Groupe Renault, in particular the members of management bodies, with the development of the Group's value by allowing them to share ownership of the Company.

It also provides recognition of executives whose outstandingly positive action has contributed to Groupe Renault's results.

Lastly, it helps to promote loyalty in executives who are of particular value to the Company, notably executives with a high potential for career development. The allocation of shares increases their commitment and motivation to implement progress and growth in the Company.

This scheme has proved to be a factor in strengthening the role of responsibility centres throughout Groupe Renault worldwide, more particularly in the Automotive sector, sales subsidiaries, vehicle and mechanical engineering, bodywork and powertrain plant managers, industrial subsidiaries, as well as for all programme and vehicle project and component managers. It is also applied in sales financing, as well as for the managers of large support functions in Groupe Renault.

#### Share allocation policy

Allocation is differentiated according to beneficiaries' level of responsibility and contribution, on the basis of the appraisal of their performance and results, and according to the assessment of their development potential.

Beneficiaries are divided into three categories.

#### Top management

As of January 2, 2018, the senior management team comprises 30 members of Groupe Renault's Senior Management Committee (CDR), including the 12 members of the Group Executive Committee (CEG).

The proportion of performance share allocation plans allocated to the Chairman and Chief Executive Officer and members of the Group Executive Committee (including the Chairman and Chief Executive Officer) does not exceed 15% and 30% respectively of performance shares allocated.

#### Senior executives

Senior executives are beneficiaries and benefit in principle from variable allocations, according to their level of responsibility, performance, and results. Certain senior executives may not be beneficiaries.

### Other beneficiary executives

The other beneficiaries are usually senior managers and managers with high professional or managerial development potential or with a high level of expertise. There are many complementary systems for appraising and selecting these beneficiaries (level of responsibility, annual interviews, career committees, specific follow-up for high-potential managers, etc.); these systems constitute a body of observations enabling the most deserving individuals to be distinguished.

All these categories of beneficiary total approximately 1,000 managers each year. The total number of beneficiaries was 861 for the 2013 plan, 898 for the 2014 plan, 1,013 for the 2015 plan, 1,120 for the 2016 plan and 1,060 for the 2017 plan.

### 3.4.5.3 Summary tables

#### Past allocations of stock options and performance shares

Plan nos. 18, 19 and 20 are share purchase option plans.

Plan nos. 18 bis, 19 bis, 20 bis are performance share allocation plans, of which the Chief Executive Officer is not a beneficiary.

Plan nos. 21, 22 and 23 are performance share allocation plans in which some of the shares are allocated to the Chairman and Chief Executive Officer and subject to an additional performance criterion compared to the shares in the plan allocated to other beneficiaries.

The size of the Plans in progress as of December 31, 2017 corresponds to 1.93% of the Company's share capital.

#### STOCK OPTION PLANS

(TABLE NO. 8 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

Allocation date / Board of Directors' meeting date	Total number of shares available for purchase	- to the Chairman and Chief Executive Officer Carlos Ghosn	Start date of exercise period	Expiry date	Purchase price <sup>(1)</sup>	Number of exercised options as of 12/31/2017	Total number of cancelled or lapsed options as of 12/31/2017	Options outstanding as of 12/31/2017	
<b>Authorisation by the Annual General Meeting of shareholders on April 29, 2011</b>									
Plan no. 18	04/29/2011	490,000	100,000	04/30/2015	04/28/2019	38.80	345,594	11,388	133,018
Plan no. 19 <sup>(2)</sup>	12/08/2011	300,000	100,000	12/09/2015	12/07/2019	26.87	111,200	150,000	38,800
Plan no. 20 <sup>(3)</sup>	12/13/2012	447,800	150,000	12/13/2016	12/12/2020	37.43	268,701	51,578	127,521

(1) The purchase price is equal to the average stock market price over the twenty sessions prior to the date of the Board of Director's meeting.

(2) On February 13, 2013, the Board of Directors determined that the operating margin target for 2012 had not been achieved, and that the FCF target had been achieved. Consequently, 50% of the options in Plan no. 19 were cancelled.

(3) On February 12, 2014, the Board of Directors determined that the performance criteria had been 88.48% achieved. Consequently, 11.52% of the options in Plan no. 20 were cancelled.

#### PERFORMANCE SHARE PLANS

(TABLE NO. 9 AS PER AFEP-MEDEF CODE RECOMMENDATIONS)

Allocation date / Board of Directors' meeting date	Total number of shares granted	- to the Chairman and Chief Executive Officer Carlos Ghosn	Vesting date	Availability date	Shares cancelled as of 12/31/2017	Outstanding shares as of 12/31/2017
<b>Authorisation by the Annual General Meeting of shareholders on April 30, 2013</b>						
Plan no. 21 Shares <sup>(1)</sup>	02/12/2014	313,807	100,000	02/12/2018	02/12/2018	288,436
Plan no. 21 bis Shares <sup>(1)</sup>	02/12/2014	980,045	0	02/12/2017	02/12/2019	889,000
Plan no. 22 Shares	02/11/2015	367,605	100,000	02/11/2019	02/11/2019	361,975
Plan no. 22 bis Shares	02/11/2015	1,053,650	0	02/11/2018	02/11/2020	1,019,850
<b>Authorisation by the Annual General Meeting of shareholders on April 29, 2016</b>						
Plan no. 23 Shares	04/29/2016	346,605 <sup>(2)</sup>	0	04/29/2020	04/29/2020	337,365
Plan no. 23 Shares	04/29/2016	1,007,200	0	04/29/2019	04/29/2020	983,600
Plan no. 23 bis Shares	07/27/2016	100,000	100,000	07/27/2020	07/27/2020	100,000
Plan no. 24 Shares	02/09/2017	314,300	0	02/09/2021	02/09/2021	312,250
Plan no. 24 Shares	02/09/2017	1,004,910	0	02/09/2020	02/09/2021	1,002,310
Plan no. 24 bis Shares	02/09/2017	100,000	100,000	02/09/2021	02/09/2021	100,000

(1) On June 15, 2017, the Board of Directors determined that the performance criteria had been 92.83% achieved (95.21% for the CEO). Consequently, 7.17% of the shares in Plans nos. 21 and 21 bis were cancelled.

(2) Modification of the allocation of the number of performance shares initially granted, due to international mobilities during the vesting period.

**INFORMATION RELATING TO THE 10 NON-OFFICER EMPLOYEES****(PURSUANT TO THE PROVISIONS OF ARTICLE L. 225-184 OF THE FRENCH COMMERCIAL CODE)**

Overview of stock options allocated and exercised by the ten non-officer employees who received the largest number of options	Total number of options allocated/Acquired shares	Exercise price	Plan no. 18	Plan no. 19 <sup>(1)</sup>	Plan no. 20 <sup>(2)</sup>
Options granted by the issuer and any company within the scope of allocation of options, to the 10 employees of the issuer and any company within this scope, for whom the number of options thus granted is the highest (overall information)	478,800	Plan no. 18 = €38.80 Plan no. 19 = €26.87 Plan no. 20 = €37.43	240,000	62,000	176,800
Options held for the issuer and companies referred to above, exercised by the 10 employees of the issuer and these companies, for whom the number of options thus purchased or subscribed is the highest (overall information)	262,440		151,738	38,500	72,202

(1) On February 13, 2013, the Board of Directors determined that the operating margin target for 2012 had not been achieved. Consequently, 50% of the Plan no. 19 options were cancelled.

(2) On February 12, 2014, the Board of Directors determined that the performance criteria had been 88.48% achieved. Consequently, 11.52% of the Plan no. 20 options were cancelled.

**(PURSUANT TO THE PROVISIONS OF ARTICLE L. 225-197-4 OF THE FRENCH COMMERCIAL CODE)**

Overview of performance shares granted to the top ten allottee non-officer employees and shares vested by them	Total number of shares allocated	Plan no. 18 bis	Plan no. 19 bis <sup>(1)</sup>	Plan no. 20 bis <sup>(2)</sup>	Plan no. 21 <sup>(3)</sup>	Plan no. 22	Plan no. 23	Plan no. 24
Shares allocated by the issuer and any company within the scope of allocation, to the 10 employees of the issuer and any company within this scope, for whom the number of shares thus allocated is the highest (overall information)	1,001,000	110,000	68,000	78,000	185,000	185,000	185,000	190,000
Shares held for the issuer and companies referred to above, vested by the 10 employees of the issuer and these companies, for whom the number of shares thus vested is the highest (overall information)	384,751	110,000	34,000	69,015	171,736	0	0	0

(1) On February 13, 2013, the Board of Directors determined that the operating margin target for 2012 had not been achieved. Consequently, 50% of the Plan no. 19 bis shares were cancelled.

(2) On February 12, 2014, the Board of Directors determined that the performance criteria had been 88.48% achieved. Consequently, 11.52% of the Plan no. 20 bis shares were cancelled.

(3) On June 15, 2017, the Board of Directors determined that the performance criteria had been 92.83% achieved. Consequently, 7.17% of the Plan no. 21 shares and 21 bis shares were cancelled.

## 3.5 INFORMATION CONCERNING SECURITIES TRANSACTIONS

During the course of their duties, the Board of Directors, and certain employees of Groupe Renault, have access to inside information, and, in this respect, are subject to the provisions of Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse (the "Regulation") and, in particular, the provisions of Article 9 of the regulation on insider trading.

In this respect, pursuant to the provisions of Article 18 of the Regulation, the Company holds at the disposal of the French Financial Market Authority (*Autorité des Marchés Financiers*, AMF) for each piece of inside information, a list of those persons deemed to be insiders, in the form specified in Appendix I of Implementing Regulation (EU) 2016/347 of March 10, 2016.

The persons concerned within the Company are informed of the rules of good conduct and the reporting obligations (to the AMF and to the Company) incumbent on them with respect to transactions carried out personally and involving Company securities.

To the best of the Company's knowledge, the transactions carried out during the past financial year by the members of the Board of Directors, the officers concerned, and the persons closely associated with them, within the meaning of Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), were as follows:

- on January 10, 2017, Mr Bruno Ancelin, Executive Vice-President of Group Product Planning and Programmes, exercised 5,000 options at a price of €26.87 per share (purchase option plan no. 19 of December 8, 2011) and 11,503 options at a price of €37.43 per share (purchase option plan no. 20 of December 13, 2012) and sold the 16,503 resulting shares at a price of €88 per share. On October 3, 2017 he sold 6,194 shares at a price of €83.71 per share;
- on January 10, 2017, Mrs Yu Serizawa, Director, purchased 100 shares at a price of €87.57 per share;
- on November 7, 2017, the French State Holding Agency (*Agence des Participations de l'État*, APE) sold 14,000,000 shares at a price of €86.60 per share. 1,400,000 of these shares were acquired by the Company; and
- on November 21, 2017, Mr Jose Vicente De Los Mozos Obispo, Executive Vice-President of Group Manufacturing & Supply Chain, sold 5,309 shares at a price of €86.43 per share.







● DACIA DUSTER II (HJD) - PHASE 1

**OPERATING MARGIN**

€3,854M  
IN 2017

6.6%  
OF REVENUES

# 04

## FINANCIAL STATEMENTS

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The elements of the annual financial report are identified by the **AFR** symbol.

## 4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

For the year ended December 31, 2017

To the Annual General Meeting of Renault,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Renault for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Ethics Committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the statutory auditors' Responsibilities for the Audit of the consolidated financial statements section of our report.

#### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1 of regulation (EU) no. 537/2014 or in the French code of ethics (*Code de déontologie*) for statutory auditors.

#### Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Valuation of the manufacturing specific intangible and tangible assets (vehicles) of the automotive sector (excl. AVTOVAZ)**

<b>Risk identified</b>	<p>Intangible and tangible assets of the operating segment "Automotive (excluding AVTOVAZ)" amount to 16,818 million euros. The Group carries out impairment tests at the operating segment level as well as at the level of the intangible and tangible assets specific to vehicles or mechanical organs under the approach described in note 2-M of the consolidated financial statements.</p> <p>For the latter, the test consists in comparing the net book value of the intangible and tangible assets specific to the vehicles or mechanical organs with their recoverable value, defined as the higher amount between the value in use and the fair value net of exit costs. The value in use is calculated based on discounted future cash flows.</p> <p>We have considered that the valuation of the manufacturing specific assets related to vehicles or mechanical organs is a key audit matter because of their contribution to the financial statements and because of the estimates and judgments required from management to prepare these tests. Information regarding these impairment tests is included in the note 11 of the notes to the consolidated financial statements.</p>
<b>Our audit response</b>	<p>During our audit of the consolidated financial statements, our procedures mainly consisted in:</p> <ul style="list-style-type: none"> <li>• understanding the analysis performed by management in order to identify vehicles presenting indicators of impairment;</li> <li>• reconciling to the consolidated financial statements the net book value of specific assets subject to the impairment test;</li> <li>• assessing the consistency of the volumes and margins assumptions used in the tests with the latest projections of management;</li> <li>• assessing the reasonableness of the main assumptions used through interviews with the economic controllers in charge of the vehicles being tested and by comparing the assumptions with the data used in the previous impairment tests as well as, if applicable, with the historical performance of the vehicles or mechanical organs subject to the test;</li> <li>• testing the arithmetical accuracy of the discounted cash flows projections prepared by management for vehicles subject to an impairment test;</li> <li>• comparing the discount rate after tax used with external data available;</li> <li>• performing sensitivity analysis on the main assumptions used;</li> <li>• assessing the appropriateness of the disclosures in the notes to the consolidated financial statements.</li> </ul>

**Consolidation method and recoverable value of the equity investment of Renault in Nissan**

<b>Risk identified</b>	<p>As at December 31, 2017, the Renault equity investment in Nissan amounts to 19 135 million euros, and Nissan contributes for 2 791 million euros to Renault's net profit for the period.</p> <p>As indicated in note 12 to the consolidated financial statements, Renault has a significant influence over Nissan and accounts for its investment using the equity method. The Nissan accounts used to prepare Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards, adjusted for the purpose of the Renault consolidation under IFRS.</p> <p>We have considered that the consolidation method and recoverable value of the equity investment in Nissan are a key audit matter given its magnitude to Renault's consolidated financial statements, and given the following areas of attention: (1) the judgement of management to assess the Alliance governance structure as well as facts and circumstances underlying Renault's significant influence over Nissan, (2) the adjustments to Nissan's financial statements required to account for Renault's share in the result and equity of this company and their accuracy, (3) the estimates used by management in determining the recoverable value of Renault's investment in Nissan.</p>
<b>Our audit response</b>	<p>Our audit response to the risks identified mainly consisted in:</p> <ul style="list-style-type: none"> <li>• reading the minutes of the Board of Directors meetings and the related party agreements and commitments register, and obtaining confirmation from management that there were no changes in the governance of Nissan and/or no new contracts structuring the relations between Renault and Nissan which could modify the analysis of the significant influence exercised by Renault over Nissan;</li> <li>• understanding the conclusions and the audit work performed by the independent auditor of Nissan in accordance with our instructions which detail the procedures to be performed and the conclusion format required for our audit purposes;</li> <li>• understanding the audit work performed by the independent auditor of Nissan over the homogenization adjustments required to Nissan's financial statements to match Renault accounting policies;</li> <li>• assessing whether there are any identified impairment indicators, the main indicators being significant adverse changes on markets where Nissan operates or a significant and long lasting drop in Nissan stock market value;</li> <li>• assessing the relevance of the main assumptions used by Renault in the impairment test performed to confirm the recoverable value of its investment in Nissan, by reference to Nissan mid-term plan, historical performance achieved by Nissan as well as the overall perspectives of the automotive sector;</li> <li>• assessing the appropriateness of the information provided in the notes to the consolidated financial statements.</li> </ul>

**Consolidation of AVTOVAZ: Purchase Price Allocation**

<b>Risk identified</b>	<p>Renault took control of the AVTOVAZ group on December 28, 2016. Following the finalization of the price allocation to the fair value of assets and liabilities acquired, the goodwill related to this acquisition amounts to €968 million as of December 31, 2017.</p> <p>The purchase price allocation relies on estimates used to determine the fair value of assets and liabilities acquired.</p> <p>Consequently, we considered that the purchase price allocation performed on AVTOVAZ represents a key audit matter for the year-ended December 31, 2017.</p> <p>These elements are detailed in the note 3-B of the notes to the consolidated financial statements.</p>
<b>Our audit response</b>	<p>We analyzed the work performed by the Company with its external experts to identify and evaluate the fair value of assets and liabilities acquired. In particular, we were assisted by our specialists to analyze the valuation methodology applied for the main assets and liabilities acquired and assessed the reasonableness of the main estimates used.</p> <p>We also assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements regarding the purchase price allocation.</p>

**Recoverability of the deferred tax assets of the French tax group**

<b>Risk identified</b>	<p>As indicated in note 8-B to the consolidated financial statements, a net deferred tax asset of €202 million is recognized in the Renault consolidated balance sheet with respect to the French integrated tax group.</p> <p>The value of this deferred tax asset depends on the ability of the legal entities of the French tax group to achieve the financial performance expected by management.</p> <p>The recoverability of this asset is a key audit matter given the level of judgment required from management, with regards specifically to the ability of the underlying legal entities to use their tax losses carried forward.</p>
<b>Our audit response</b>	<p>Our audit response to the risks identified mainly consisted in:</p> <ul style="list-style-type: none"> <li>• assessing the consistency of the expected financial results of the French tax group with the main assumptions underlying the group mid term plan approved by the Board of Directors;</li> <li>• comparing budgeted and actual results in prior periods to assess the reliability of the budgeting processes.</li> </ul>

**Recoverable value of sales financing receivables**

<b>Risk identified</b>	<p>Sales financing receivables are related to the financing activities of automotive sales to the dealer network or to retail customers and amount to €39,334 million in the consolidated balance sheet as at December 31, 2017.</p> <p>As indicated in note 2G to the consolidated financial statements, an impairment loss for incurred credit risk is recognized to cover the risk of non-recovery of receivables. The impairment loss is determined on an individual basis for receivables from retail customers (using a statistical or case-by-case approach). The impairment loss for credit losses on dealer network financing is determined on a case-by-case and individual basis for doubtful receivables and on a collective basis for non-doubtful accounts (using a statistical method or internal expertise).</p> <p>For the calculation of individual impairment losses for the dealer network and the statistical impairment loss for retail financing, the main assumptions are determined by management. This can lead to different estimates.</p> <p>Given the complexity of the assumptions used to estimate these credit risks and the related impairment loss, as well as the judgment required from management, we consider that the determination of the recoverable value of sales financing receivables is a key audit matter.</p>
<b>Our audit response</b>	<p>Our procedures mainly consisted in:</p> <ul style="list-style-type: none"> <li>• Individual impairment losses on receivables from the dealer network: <ul style="list-style-type: none"> <li>- understanding the evaluation process for these impairment losses and the internal control procedures related to the identification of risk indicators of non-recovery of receivables and the governance and monitoring of the allowances for impairment loss</li> <li>- reconciling the amount of receivables subject to an individual impairment allowances with the amount of receivables included in the impairment loss calculation</li> <li>- assessing the relevance of loss assumptions</li> <li>- performing analytical procedures on receivables and impairment allowances.</li> </ul> </li> <li>• Statistical depreciation of receivables from retail customers: <ul style="list-style-type: none"> <li>- understanding the evaluation process for these impairment losses and the internal control procedures related to the identification of indicators of impairment loss and the calibration of statistical impairment models;</li> <li>- performing an analysis of the historical payment behaviors as compared to the parameters used in the models;</li> <li>- testing the statistical matrices for loss migration;</li> <li>- checking the correct recording in the Group accounts of the impairment loss coming from the models for statistical impairment;</li> <li>- performing analytical procedures on receivables and impairment allowances.</li> </ul> </li> </ul>

**Verification of the Information Pertaining to the Group Presented in the management report**

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

**Report on other legal and regulatory requirements****Appointment of the statutory auditors**

We were appointed as statutory auditors of Renault by the Annual General Meeting held on April 30, 2014 for KPMG SA and by Order from the Ministry of the Economy of March 27, 1979 for Ernst & Young Audit.

As at December 31, 2017, KPMG SA was in the fourth year of total uninterrupted engagement and Ernst & Young Audit was in the thirty-ninth year of total uninterrupted engagement, of which twenty-four years since securities of the Company were admitted to trading on a regulated market.

**Responsibilities of management and Those Charged with Governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Ethics Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory auditors' Responsibilities for the Audit of the consolidated financial statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

### Report to the Audit, Risks and Ethics Committee

We submit a report to the Audit, Risks and Ethics Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Ethics Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Audit, Risks and Ethics Committee with the declaration provided for in Article 6 of regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit, Risks and Ethics Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, February 21, 2018

The statutory auditors

French original signed by

KPMG Audit

ERNST & YOUNG Audit

Département de KPMG SA

Jean-Paul Vellutini

Laurent des Places

Aymeric de La Morandière

Bernard Heller

## 4.2 CONSOLIDATED FINANCIAL STATEMENTS

### 4.2.1 Consolidated income statement

(€ million)	Notes	2017 <sup>(1)</sup>	2016
<b>Revenues</b>	<b>4</b>	<b>58,770</b>	<b>51,243</b>
Cost of goods and services sold		(46,477)	(40,256)
Research and development expenses	10-A	(2,590)	(2,370)
Selling, general and administrative expenses		(5,849)	(5,335)
<b>Operating margin</b>	<b>5</b>	<b>3,854</b>	<b>3,282</b>
Other operating income and expenses	6	(48)	1
<i>Other operating income</i>	6	214	727
<i>Other operating expenses</i>	6	(262)	(726)
<b>Operating income (loss)</b>		<b>3,806</b>	<b>3,283</b>
Cost of net financial indebtedness	7	(369)	(284)
<i>Cost of gross financial indebtedness</i>	7	(441)	(385)
<i>Income on cash and financial assets</i>	7	72	101
Other financial income and expenses	7	(135)	(39)
<b>Financial income (expenses)</b>	<b>7</b>	<b>(504)</b>	<b>(323)</b>
<b>Share in net income (loss) of associates and joint-ventures</b>		<b>2,799</b>	<b>1,638</b>
<i>Nissan</i>	12	2,791	1,741
<i>Other associates and joint-ventures</i>	13	8	(103)
<b>Pre-tax income</b>		<b>6,101</b>	<b>4,598</b>
Current and deferred taxes	8	(891)	(1,055)
<b>NET INCOME</b>		<b>5,210</b>	<b>3,543</b>
Net income – non-controlling interests' share		96	124
Net income – parent company shareholders' share		5,114	3,419
Basic earnings per share <sup>(2)</sup> (in €)		18.87	12.57
Diluted earnings per share <sup>(2)</sup> (in €)		18.68	12.46
Number of shares outstanding (in thousands)			
<i>For basic earnings per share</i>	9	271,080	271,968
<i>For diluted earnings per share</i>	9	273,749	274,331

(1) The revenues of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A).

(2) Net income – parent company shareholders' share divided by number of shares stated.



## 4.2.2 Consolidated comprehensive income

(€ million)	2017 <sup>(1)</sup>			2016		
	Gross	Tax effect <sup>(2)</sup>	Net	Gross	Tax effect <sup>(2)</sup>	Net
Net income	6,101	(891)	5,210	4,598	(1,055)	3,543
<b>Other components of comprehensive income from parent company and subsidiaries</b>						
<i>Items that will not be reclassified subsequently to profit or loss</i>	13	(25)	(12)	(176)	159	(17)
Actuarial gains and losses on defined-benefit pension plans	13	(25)	(12)	(176)	159	(17)
<i>Items that have been or will be reclassified subsequently to profit or loss</i>	(142)	(16)	(158)	(213)	240	27
Translation adjustments on foreign activities <sup>(3)</sup>	(272)	-	(272)	38	-	38
Partial hedge of the investment in Nissan	113	(17)	96	(70)	204	134
Cash flow hedging instruments <sup>(4)</sup>	5	-	5	(68)	59	(9)
Available-for-sale financial assets <sup>(5)</sup>	12	1	13	(113)	(23)	(136)
<b>TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT COMPANY AND SUBSIDIARIES (A)</b>	<b>(129)</b>	<b>(41)</b>	<b>(170)</b>	<b>(389)</b>	<b>399</b>	<b>10</b>
<b>Share of associates and joint-ventures in other components of comprehensive income</b>						
<i>Items that will not be reclassified subsequently to profit or loss</i>	130	-	130	(225)	-	(225)
Actuarial gains and losses on defined-benefit pension plans	130	-	130	(225)	-	(225)
<i>Items that have been or will be reclassified subsequently to profit or loss<sup>(6)</sup></i>	(1,488)	-	(1,488)	230	-	230
Translation adjustments on foreign activities	(1,519)	-	(1,519)	229	-	229
Other elements	31	-	31	1	-	1
<b>TOTAL SHARE OF ASSOCIATES AND JOINT-VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME (B)</b>	<b>(1,358)</b>	<b>-</b>	<b>(1,358)</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)</b>	<b>(1,487)</b>	<b>(41)</b>	<b>(1,528)</b>	<b>(384)</b>	<b>399</b>	<b>15</b>
<b>COMPREHENSIVE INCOME</b>	<b>4,614</b>	<b>(932)</b>	<b>3,682</b>	<b>4,214</b>	<b>(656)</b>	<b>3,558</b>
Parent company shareholders' share			3,575			3,435
Non-controlling interests' share			107			123

(1) Incomes of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A).

(2) In 2017, the tax effect includes an expense of €(255) million (income of €44 million in 2016) resulting from recognition of net deferred tax assets of the French tax consolidation group, comprising €(236) million related to the net income and €(19) million related to other components of comprehensive income (in 2016, €(301) million expenses and €345 million income respectively) (note 8-B).

(3) None were reclassified to profit or loss in 2017 (€23 million in 2016).

(4) Including €(12) million reclassified to profit or loss in 2017 (€(4) million in 2016).

(5) Including €3 million reclassified to profit or loss in 2017 (€1 million in 2016).

(6) None were reclassified to profit or loss in 2017 (€349 million in 2016).

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## 4.2.3 Consolidated financial position

(€ million)	Notes	December 31, 2017	December 31, 2016*
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	10-A	5,240	4,989
Property, plant and equipment	10-B	13,582	12,988
Investments in associates and joint-ventures		19,811	19,026
<i>Nissan</i>	12	19,135	18,304
<i>Other associates and joint-ventures</i>	13	676	722
Non-current financial assets	22	1,395	1,379
Deferred tax assets	8	971	1,217
Other non-current assets	17	1,435	1,366
<b>TOTAL NON-CURRENT ASSETS</b>		<b>42,434</b>	<b>40,965</b>
<b>Current assets</b>			
Inventories	14	6,328	5,813
Sales financing receivables	15	39,334	34,358
Automotive receivables	16	1,753	1,900
Current financial assets	22	1,932	1,908
Current tax assets	17	91	44
Other current assets	17	4,014	3,611
Cash and cash equivalents	22	14,057	13,853
<b>TOTAL CURRENT ASSETS</b>		<b>67,509</b>	<b>61,487</b>
<b>TOTAL ASSETS</b>		<b>109,943</b>	<b>102,452</b>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

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(€ million)	Notes	December 31, 2017	December 31, 2016*
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(494)	(321)
Revaluation of financial instruments		809	758
Translation adjustment		(3,376)	(1,668)
Reserves		26,183	23,643
Net income – parent company shareholders' share		5,114	3,419
<b>Shareholders' equity – parent company shareholders' share</b>		<b>33,148</b>	<b>30,743</b>
Shareholders' equity – non-controlling interests' share		294	181
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>18</b>	<b>33,442</b>	<b>30,924</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	180	124
Provisions for pension and other long-term employee benefit obligations – long-term	19	1,584	1,717
Other provisions – long-term	20	1,514	1,460
Non-current financial liabilities	23	5,401	4,943
Other non-current liabilities	21	1,579	1,530
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,258</b>	<b>9,774</b>
<b>Current liabilities</b>			
Provisions for pension and other long-term employee benefit obligations – short-term	19	51	54
Other provisions – short-term	20	915	1,106
Current financial liabilities	23	3,792	5,248
Sales financing debts	23	41,395	36,041
Trade payables		9,904	9,533
Current tax liabilities	21	246	321
Other current liabilities	21	9,940	9,451
<b>TOTAL CURRENT LIABILITIES</b>		<b>66,243</b>	<b>61,754</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>109,943</b>	<b>102,452</b>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

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## 4.2.4 Changes in consolidated shareholders' equity

(€ million)	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent company shareholders' share)	Shareholders' equity (parent company shareholders' share)	Shareholders' equity (non-controlling entities' share)	Total shareholders' equity
<b>BALANCE AT DECEMBER 31, 2015</b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(227)</b>	<b>890</b>	<b>(2,059)</b>	<b>21,653</b>	<b>2,823</b>	<b>27,992</b>	<b>482</b>	<b>28,474</b>
2016 net income								3,419	3,419	124	3,543
Other components of comprehensive income <sup>(1)</sup>					(132)	391	(243)		16	(1)	15
<b>2016 comprehensive income</b>					<b>(132)</b>	<b>391</b>	<b>(243)</b>	<b>3,419</b>	<b>3,435</b>	<b>123</b>	<b>3,558</b>
Allocation of 2015 net income							2,823	(2,823)			
Dividends							(655)		(655)	(109)	(764)
(Acquisitions) disposals of treasury shares and impact of capital increases				(94)					(94)		(94)
Changes in ownership interests <sup>(2)(3)</sup>							9		9	(315)	(306)
Cost of share-based payments and other							56		56		56
<b>BALANCE AT DECEMBER 31, 2016<sup>(3)</sup></b>	<b>295,722</b>	<b>1,127</b>	<b>3,785</b>	<b>(321)</b>	<b>758</b>	<b>(1,668)</b>	<b>23,643</b>	<b>3,419</b>	<b>30,743</b>	<b>181</b>	<b>30,924</b>
2017 net income								5,114	5,114	96	5,210
Other components of comprehensive income <sup>(1)</sup>					51	(1,708)	118		(1,539)	11	(1,528)
<b>2017 comprehensive income</b>					<b>51</b>	<b>(1,708)</b>	<b>118</b>	<b>5,114</b>	<b>3,575</b>	<b>107</b>	<b>3,682</b>
Allocation of 2016 net income							3,419	(3,419)			
Dividends							(855)		(855)	(133)	(988)
(Acquisitions) disposals of treasury shares and impact of capital increases				(173)					(173)		(173)
Changes in ownership interests <sup>(2)</sup>							3	(155)	(152)	139	(13)
Cost of share-based payments and other							(3)	13	10		10
<b>BALANCE AT DECEMBER 31, 2017</b>	<b>295,772</b>	<b>1,127</b>	<b>3,785</b>	<b>(494)</b>	<b>809</b>	<b>(3,376)</b>	<b>26,183</b>	<b>5,114</b>	<b>33,148</b>	<b>294</b>	<b>33,442</b>

(1) Changes in reserves correspond to actuarial gains and losses net of tax on defined-benefit pension plans during the period.

(2) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2017, they include Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017, and a put option for AVTOVAZ shares subscribed with a third party, giving rise to recognition of €(139) million in shareholders' equity (parent company shareholders' share) and €87 million in shareholders' equity (non-controlling interests' share) (note 3-B).

(3) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

Details of changes in consolidated shareholders' equity in 2017 are given in note 18.

## 4.2.5 Consolidated cash flows

(€ million)	Notes	2017 <sup>(1)</sup>	2016
<b>Net income</b>		<b>5,210</b>	<b>3,543</b>
Cancellation of dividends received from unconsolidated listed investments		(51)	(44)
Cancellation of income and expenses with no impact on cash			
Depreciation, amortization and impairment		3,046	2,840
Share in net (income) loss of associates and joint-ventures		(2,799)	(1,638)
Other income and expenses with no impact on cash, before interest and tax	26-A	1,130	1,405
Dividends received from unlisted associates and joint-ventures		3	1
<b>Cash flows before interest and tax<sup>(2)</sup></b>		<b>6,539</b>	<b>6,107</b>
<b>Dividends received from listed companies<sup>(3)</sup></b>		<b>761</b>	<b>772</b>
Net change in financing for final customers		(4,617)	(3,934)
Net change in renewable dealer financing		(888)	(1,981)
<b>Decrease (increase) in sales financing receivables</b>		<b>(5,505)</b>	<b>(5,915)</b>
Bond issuance by the Sales Financing segment	23-C	7,409	5,353
Bond redemption by the Sales Financing segment	23-C	(3,797)	(3,673)
Net change in other Sales Financing debts		2,353	4,030
Net change in other securities and loans of the Sales Financing segment		(227)	(412)
<b>Net change in financial assets and debts of the Sales Financing segment</b>		<b>5,738</b>	<b>5,298</b>
<b>Change in capitalized leased assets</b>		<b>(622)</b>	<b>(705)</b>
<b>Decrease (increase) in working capital before tax</b>	26-B	<b>(112)</b>	<b>(239)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX</b>		<b>6,799</b>	<b>5,318</b>
Interest received		70	90
Interest paid		(451)	(416)
Current taxes (paid)/received		(716)	(603)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>5,702</b>	<b>4,389</b>
Property, plant and equipment and intangible investments	26-C	(3,601)	(3,097)
Disposals of property, plant and equipment and intangible assets		153	44
Acquisitions of investments involving gain of control, net of cash acquired <sup>(4)</sup>		(31)	(133)
Acquisitions of other investments, net of cash acquired		(37)	(48)
Disposals of other investments, net of cash transferred and other <sup>(5)</sup>		1	1,120
Net decrease (increase) in other securities and loans of the Automotive segments		(117)	207
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(3,632)</b>	<b>(1,907)</b>
Dividends paid to parent company shareholders	18-D	(916)	(701)
Transactions with non-controlling interests <sup>(6)</sup>		(41)	-
Dividends paid to non-controlling interests	18-I	(133)	(108)
(Acquisitions) sales of treasury shares <sup>(7)</sup>		(226)	(102)
<b>Cash flows with shareholders</b>		<b>(1,316)</b>	<b>(911)</b>
Bond issuance by the Automotive segments	23-C	2,259	616
Bond redemption by the Automotive segments	23-C	(2,134)	(1,510)
Net increase (decrease) in other financial liabilities of the Automotive segments		(516)	(1,040)
<b>Net change in financial liabilities of the Automotive segments</b>	23-B	<b>(391)</b>	<b>(1,934)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(1,707)</b>	<b>(2,845)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>363</b>	<b>(363)</b>

(1) The cash flows of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A3).

(2) The operational cash flow before interests and tax is presented excluding dividends received from listed companies.

(3) Dividends received from Daimler (€51 million in 2017 and €44 million in 2016) and Nissan (€710 million in 2017 and €728 million in 2016).

(4) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ group and its parent company amounted to €(104) million in 2016, including €282 million of cash acquired.

(5) Renault SA sold Nissan shares for an amount of € 1,119 million in 2016, in connection with Nissan's share repurchase operation between March and December 2016 (note 12-B to the 2016 consolidated financial statements).

(6) Principally including Renault's acquisition of the shares of Alliance Rostec Auto b.v. previously held by Nissan, which took place in September 2017 (note 3-B).

(7) In compliance with current regulations, Renault acquired Renault shares sold by the French State in November 2017 for the amount of €121 million, for a share offering reserved for current and former employees to be launched within one year (note 18-C).

(€ million)	2017 <sup>(1)</sup>	2016
<b>Cash and cash equivalents: opening balance</b>	<b>13,853</b>	<b>14,133</b>
Increase (decrease) in cash and cash equivalents	363	(363)
Effect on cash of changes in exchange rate and other changes	(159)	83
<b>Cash and cash equivalents: closing balance<sup>(2)</sup></b>	<b>14,057</b>	<b>13,853</b>

(1) The cash flows of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A3).

(2) Cash subject to restrictions on use is described in note 22-C.

## 4.2.6 Notes to the consolidated financial statements

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### 4.2.6.1 Information on operating segments and Regions

The number of Renault operating segments increased from two to three in late 2016 following the acquisition of control, as defined by IFRS 10, over the joint-venture Alliance Rostec Auto b.v. and the AVTOVAZ group, which took place in late December 2016 and is described in notes 3-B and 13-A to the consolidated financial statements for 2016, and note 3-B below:

- the segment comprising the Group's automotive activities, as they existed until Renault acquired control of the AVTOVAZ group under IFRS 10, is now called "Automotive (excluding AVTOVAZ)": This segment comprises the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automotive service subsidiaries for the Renault, Dacia and Samsung brands, and the subsidiaries in charge of the segment's cash management. It also includes investments in automotive-sector associates and joint-ventures, mainly Nissan, and AVTOVAZ (until December 28, 2016);
- the Sales Financing segment, which the Group considers as an operating activity in its own right, carried out for the dealership network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint-ventures, is unchanged;
- the AVTOVAZ segment, formed in late 2016, consisting of the Russian carmaker the AVTOVAZ group, and its parent company, the Alliance Rostec Auto b.v. joint-venture, from the date of acquisition of control, as defined by IFRS 10, in December 2016.

As the acquisition of control, as defined by IFRS 10, took place on December 28, 2016, these entities have been fully consolidated since December 31, 2016. The figures for the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment for 2017 and 2016 are therefore established as follows:

- the net income and changes in cash of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group are fully consolidated in the AVTOVAZ segment for the first time from January 1, 2017, while the consolidated financial position of the AVTOVAZ segment has included the assets and liabilities of the AVTOVAZ group and its parent company since December 31, 2016;
- the AVTOVAZ segment includes adjustment of certain assets and liabilities to fair value in application of IFRS 3, and its consequences for determination of net income, as explained in note 3-B. The AVTOVAZ segment figures at December 31, 2016 as reported in the 2017 consolidated financial statements include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures;
- the net income of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group for 2016 is still included by the equity method in the Automotive (excluding AVTOVAZ) segment;
- the income generated by the acquisition of control as defined by IFRS 10 is included in the 2016 net income of the Automotive (excluding AVTOVAZ) segment (note 6-B).

Details of the AVTOVAZ group's financial information (excluding items included in the consolidated financial position) for the year ended December 31, 2016, as prepared under IFRS and published by AVTOVAZ, are provided in note 13-A.

## A - Information by operating segment

## A1 Consolidated income statement by operating segment

(€ million)	Automotive (excluding AVTOVAZ) <sup>(1)</sup>	AVTOVAZ <sup>(1)</sup>	Intra- Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2017</b>							
Sales of goods	51,284	2,694	-	53,978	29	-	54,007
Sales of services	2,246	33	-	2,279	2,484	-	4,763
<b>External revenues</b>	<b>53,530</b>	<b>2,727</b>	-	<b>56,257</b>	<b>2,513</b>	-	<b>58,770</b>
Intersegment revenues	(379)	765	(765)	(379)	532	(153)	-
<b>Revenues by segment</b>	<b>53,151</b>	<b>3,492</b>	<b>(765)</b>	<b>55,878</b>	<b>3,045</b>	<b>(153)</b>	<b>58,770</b>
<b>Operating margin<sup>(2)</sup></b>	<b>2,630</b>	<b>57</b>	<b>(2)</b>	<b>2,685</b>	<b>1,050</b>	<b>119</b>	<b>3,854</b>
<b>Operating income</b>	<b>2,617</b>	<b>23</b>	<b>(2)</b>	<b>2,638</b>	<b>1,049</b>	<b>119</b>	<b>3,806</b>
<b>Financial income (expenses)</b>	<b>(392)</b>	<b>(112)</b>	-	<b>(504)</b>	-	-	<b>(504)</b>
<b>Share in net income (loss) of associates and joint-ventures</b>	<b>2,808</b>	<b>(24)</b>	-	<b>2,784</b>	<b>15</b>	-	<b>2,799</b>
<b>Pre-tax income</b>	<b>5,033</b>	<b>(113)</b>	<b>(2)</b>	<b>4,918</b>	<b>1,064</b>	<b>119</b>	<b>6,101</b>
Current and deferred taxes	(528)	(2)	-	(530)	(325)	(36)	(891)
<b>NET INCOME</b>	<b>4,505</b>	<b>(115)</b>	<b>(2)</b>	<b>4,388</b>	<b>739</b>	<b>83</b>	<b>5,210</b>

(1) For reasons of comparability with previous periods, 2017 external revenues by the Automotive (excluding AVTOVAZ) segment still include revenues from sales to the AVTOVAZ group, which amount to €276 million in 2017. These revenues are consequently included in the AVTOVAZ segment's intersegment sales.

(2) Details of amortization and depreciation are provided in the statement of consolidated cash flows by operating segment.

(€ million)	Automotive (excluding AVTOVAZ) <sup>(1)</sup>	Sales Financing	Intersegment transactions	Consolidated total
<b>2016</b>				
Sales of goods	46,993	28	-	47,021
Sales of services	2,002	2,220	-	4,222
<b>External revenues</b>	<b>48,995</b>	<b>2,248</b>	-	<b>51,243</b>
Intersegment revenues	(430)	464	(34)	-
<b>Revenues by segment</b>	<b>48,565</b>	<b>2,712</b>	<b>(34)</b>	<b>51,243</b>
<b>Operating margin<sup>(2)</sup></b>	<b>2,327</b>	<b>896</b>	<b>59</b>	<b>3,282</b>
<b>Operating income</b>	<b>2,326</b>	<b>898</b>	<b>59</b>	<b>3,283</b>
<b>Financial income (expenses)</b>	<b>(323)</b>	-	-	<b>(323)</b>
<b>Share in net income (loss) of associates and joint-ventures</b>	<b>1,631</b>	<b>7</b>	-	<b>1,638</b>
<b>Pre-tax income</b>	<b>3,634</b>	<b>905</b>	<b>59</b>	<b>4,598</b>
Current and deferred taxes	(754)	(285)	(16)	(1,055)
<b>NET INCOME</b>	<b>2,880</b>	<b>620</b>	<b>43</b>	<b>3,543</b>

(1) In 2016, the Automotive (excluding AVTOVAZ) segment includes the net income of the AVTOVAZ group and its parent company, accounted for by the equity method. As the impact of the AVTOVAZ group and its parent company on net income between December 28, 2016 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016 (see 4.2.6.1).

(2) Details of amortization and depreciation are provided in the statement of consolidated cash flows by operating segment.



**A2 Consolidated financial position by operating segment****DECEMBER 31, 2017**

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment and intangible assets, and goodwill	16,818	1,616	-	18,434	388	-	18,822
Investments in associates and joint-ventures	19,694	15	-	19,709	102	-	19,811
Non-current financial assets – equity investments	6,241	-	(303)	5,938	2	(4,634)	1,306
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	139	-	(50)	89	-	-	89
Deferred tax assets and other non-current assets	1,753	477	(146)	2,084	411	(89)	2,406
<b>TOTAL NON-CURRENT ASSETS</b>	<b>44,645</b>	<b>2,108</b>	<b>(499)</b>	<b>46,254</b>	<b>903</b>	<b>(4,723)</b>	<b>42,434</b>
<b>Current assets</b>							
Inventories	5,939	344	-	6,283	45	-	6,328
Customer receivables	2,238	214	(435)	2,017	39,972	(902)	41,087
Current financial assets	1,181	-	(38)	1,143	1,610	(821)	1,932
Current tax assets and other current assets	2,853	139	(6)	2,986	4,761	(3,642)	4,105
Cash and cash equivalents	11,718	130	(3)	11,845	2,354	(142)	14,057
<b>TOTAL CURRENT ASSETS</b>	<b>23,929</b>	<b>827</b>	<b>(482)</b>	<b>24,274</b>	<b>48,742</b>	<b>(5,507)</b>	<b>67,509</b>
<b>TOTAL ASSETS</b>	<b>68,574</b>	<b>2,935</b>	<b>(981)</b>	<b>70,528</b>	<b>49,645</b>	<b>(10,230)</b>	<b>109,943</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>							
<b>Shareholders' equity</b>	<b>33,447</b>	<b>(99)</b>	<b>(138)</b>	<b>33,210</b>	<b>4,672</b>	<b>(4,440)</b>	<b>33,442</b>
<b>Non-current liabilities</b>							
Long-term provisions	2,549	18	-	2,567	531	-	3,098
Non-current financial liabilities	4,392	1,211	(215)	5,388	13	-	5,401
Deferred tax liabilities and other non-current liabilities	1,147	83	(146)	1,084	675	-	1,759
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,088</b>	<b>1,312</b>	<b>(361)</b>	<b>9,039</b>	<b>1,219</b>	<b>-</b>	<b>10,258</b>
<b>Current liabilities</b>							
Short-term provisions	868	87	-	955	11	-	966
Current financial liabilities	4,270	532	(41)	4,761	-	(969)	3,792
Trade payables and sales financing debts	9,595	824	(400)	10,019	42,248	(968)	51,299
Current tax liabilities and other current liabilities	12,306	279	(41)	12,544	1,495	(3,853)	10,186
<b>TOTAL CURRENT LIABILITIES</b>	<b>27,039</b>	<b>1,722</b>	<b>(482)</b>	<b>28,279</b>	<b>43,754</b>	<b>(5,790)</b>	<b>66,243</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>68,574</b>	<b>2,935</b>	<b>(981)</b>	<b>70,528</b>	<b>49,645</b>	<b>(10,230)</b>	<b>109,943</b>

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(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment and intangible assets, and goodwill	15,843	1,755	-	17,598	388	(9)	17,977
Investments in associates and joint-ventures	18,888	41	-	18,929	97	-	19,026
Non-current financial assets – equity investments	5,790	-	(509)	5,281	1	(4,012)	1,270
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	166	-	(57)	109	-	-	109
Deferred tax assets and other non-current assets	1,897	366	-	2,263	376	(56)	2,583
<b>TOTAL NON-CURRENT ASSETS</b>	<b>42,584</b>	<b>2,162</b>	<b>(566)</b>	<b>44,180</b>	<b>862</b>	<b>(4,077)</b>	<b>40,965</b>
<b>Current assets</b>							
Inventories	5,456	312	-	5,768	54	(9)	5,813
Customer receivables	2,377	251	(451)	2,177	34,923	(842)	36,258
Current financial assets	1,228	-	(40)	1,188	1,383	(663)	1,908
Current tax assets and other current assets	2,417	304	(178)	2,543	4,171	(3,059)	3,655
Cash and cash equivalents	11,820	277	-	12,097	1,894	(138)	13,853
<b>TOTAL CURRENT ASSETS</b>	<b>23,298</b>	<b>1,144</b>	<b>(669)</b>	<b>23,773</b>	<b>42,425</b>	<b>(4,711)</b>	<b>61,487</b>
<b>TOTAL ASSETS</b>	<b>65,882</b>	<b>3,306</b>	<b>(1,235)</b>	<b>67,953</b>	<b>43,287</b>	<b>(8,788)</b>	<b>102,452</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>							
<b>Shareholders' equity</b>	<b>31,098</b>	<b>18</b>	<b>(330)</b>	<b>30,786</b>	<b>4,028</b>	<b>(3,890)</b>	<b>30,924</b>
<b>Non-current liabilities</b>							
Long-term provisions	2,700	13	-	2,713	464	-	3,177
Non-current financial liabilities	3,851	1,315	(235)	4,931	12	-	4,643
Deferred tax liabilities and other non-current liabilities	945	95	-	1,040	614	-	1,654
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,496</b>	<b>1,423</b>	<b>(235)</b>	<b>8,684</b>	<b>1,090</b>	<b>-</b>	<b>9,774</b>
<b>Current liabilities</b>							
Short-term provisions	1,055	79	-	1,134	26	-	1,160
Current financial liabilities	5,343	746	(40)	6,049	-	(801)	5,248
Trade payables and sales financing debts	9,260	754	(416)	9,598	36,760	(784)	45,574
Current tax liabilities and other current liabilities	11,630	286	(214)	11,702	1,383	(3,313)	9,772
<b>TOTAL CURRENT LIABILITIES</b>	<b>27,288</b>	<b>1,865</b>	<b>(670)</b>	<b>28,483</b>	<b>38,169</b>	<b>(4,898)</b>	<b>61,754</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>65,882</b>	<b>3,306</b>	<b>(1,235)</b>	<b>67,953</b>	<b>43,287</b>	<b>(8,788)</b>	<b>102,452</b>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

### A3 Consolidated cash flows by operating segment

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2017</b>							
Net income	4,505	(115)	(2)	4,388	739	83	5,210
Cancellation of dividends received from unconsolidated listed investments	(51)	-	-	(51)	-	-	(51)
Cancellation of income and expenses with no impact on cash							
Depreciation, amortization and impairment	2,852	109	-	2,961	85	-	3,046
Share in net (income) loss of associates and joint-ventures	(2,808)	24	-	(2,784)	(15)	-	(2,799)
Other income and expenses with no impact on cash, before interest and tax	597	139	-	736	372	22	1,130
Dividends received from unlisted associates and joint-ventures	3	-	-	3	-	-	3
<b>Cash flows before interest and tax<sup>(1)</sup></b>	<b>5,098</b>	<b>157</b>	<b>(2)</b>	<b>5,253</b>	<b>1,181</b>	<b>105</b>	<b>6,539</b>
<b>Dividends received from listed companies<sup>(2)</sup></b>	<b>761</b>	<b>-</b>	<b>-</b>	<b>761</b>	<b>-</b>	<b>-</b>	<b>761</b>
Decrease (increase) in sales financing receivables	-	-	-	-	(5,568)	63	(5,505)
Net change in financial assets and Sales Financing debts	-	-	-	-	5,871	(133)	5,738
Change in capitalized leased assets	(529)	-	-	(529)	(93)	-	(622)
Change in working capital before tax	447	98	5	550	(613)	(49)	(112)
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX</b>	<b>5,777</b>	<b>255</b>	<b>3</b>	<b>6,035</b>	<b>778</b>	<b>(14)</b>	<b>6,799</b>
Interest received	68	17	(4)	81	1	(12)	70
Interest paid	(352)	(128)	4	(476)	-	25	(451)
Current taxes (paid)/received	(487)	(6)	-	(493)	(220)	(3)	(716)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,006</b>	<b>138</b>	<b>3</b>	<b>5,147</b>	<b>559</b>	<b>(4)</b>	<b>5,702</b>

(1) Cash flows before interest and tax do not include dividends received from listed companies.

(2) Dividends received from Daimler (€51 million) and Nissan (€710 million).

(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra- Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2017</b>							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,006</b>	<b>138</b>	<b>3</b>	<b>5,147</b>	<b>559</b>	<b>(4)</b>	<b>5,702</b>
Purchases of intangible assets	(1,285)	(24)	-	(1,309)	(2)	-	(1,311)
Purchases of property, plant and equipment	(2,221)	(81)	17	(2,285)	(5)	-	(2,290)
Disposals of property, plant and equipment and intangible assets	144	29	(20)	153	-	-	153
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired	(16)	-	-	(16)	(15)	-	(31)
Acquisitions and disposals of other investments and other	(37)	1	-	(36)	-	-	(36)
Net decrease (increase) in other securities and loans of the Automotive segments	(228)	-	-	(228)	-	111	(117)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(3,643)</b>	<b>(75)</b>	<b>(3)</b>	<b>(3,721)</b>	<b>(22)</b>	<b>111</b>	<b>(3,632)</b>
Cash flows with shareholders*	(1,267)	-	-	(1,267)	(49)	-	(1,316)
Net change in financial liabilities of the Automotive segments	(54)	(194)	(3)	(251)	-	(140)	(391)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1,321)</b>	<b>(194)</b>	<b>(3)</b>	<b>(1,518)</b>	<b>(49)</b>	<b>(140)</b>	<b>(1,707)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>42</b>	<b>(131)</b>	<b>(3)</b>	<b>(92)</b>	<b>488</b>	<b>(33)</b>	<b>363</b>

\* Including the acquisitions of the shares of Alliance Rostec Auto b.v. previously held by Nissan (note 3-B) and the Renault shares sold by the French State, for a share offering reserved for current and former employees (note 18-C).

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(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
<b>2017</b>							
<b>CASH AND CASH EQUIVALENTS: OPENING BALANCE</b>	11,820	277	-	12,097	1,894	(138)	13,853
Increase (decrease) in cash and cash equivalents	42	(131)	(3)	(92)	488	(33)	363
Effect of changes in exchange rate and other changes	(144)	(16)	-	(160)	(28)	29	(159)
<b>CASH AND CASH EQUIVALENTS: CLOSING BALANCE</b>	11,718	130	(3)	11,845	2,354	(142)	14,057

(€ million)	Automotive (excluding AVTOVAZ) <sup>(1)</sup>	Sales Financing	Intersegment transactions	Consolidated total
<b>2016</b>				
<b>Net income</b>	2,880	620	43	3,543
Cancellation of dividends received from unconsolidated listed investments	(44)	-	-	(44)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment	2,779	61	-	2,840
Share in net (income) loss of associates and joint-ventures	(1,631)	(7)	-	(1,638)
Other income and expenses with no impact on cash, before interest and tax	1,059	330	16	1,405
Dividends received from associate companies and non-listed co-companies	-	1	-	1
<b>Cash flows before interest and tax<sup>(2)</sup></b>	5,043	1,005	59	6,107
<b>Dividends received from listed companies<sup>(3)</sup></b>	772	-	-	772
Decrease (increase) in sales financing receivables	-	(6,007)	92	(5,915)
Net change in financial assets and Sales Financing assets	-	5,276	22	5,298
Change in capitalized leased assets	(564)	(141)	-	(705)
Change in working capital before tax	356	(615)	20	(239)
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX</b>	5,607	(482)	193	5,318
Interest received	114	-	(24)	90
Interest paid	(441)	-	25	(416)
Current taxes (paid)/ received	(354)	(254)	5	(603)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	4,926	(736)	199	4,389
Purchases of intangible assets	(1,054)	(4)	-	(1,058)
Purchases of property, plant and equipment	(2,037)	(2)	-	(2,039)
Disposals of property, plant and equipment and intangible assets	44	-	-	44
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired <sup>(4)</sup>	(397)	(18)	282	(133)
Acquisitions and disposals of other investments and other <sup>(5)</sup>	1,087	(15)	-	1,072
Net decrease (increase) in other securities and loans of the Automotive segments	268	-	(61)	207
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	(2,089)	(39)	221	(1,907)
Cash flows with shareholders	(896)	(15)	-	(911)
Net change in financial liabilities of the Automotive segments	(1,788)	-	(146)	(1,934)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	(2,684)	(15)	(146)	(2,845)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	153	(790)	274	(363)

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(€ million)	Automotive (excluding AVTOVAZ) <sup>(1)</sup>	Sales Financing	Intersegment transactions	Consolidated total
<b>2016</b>				
<b>CASH AND CASH EQUIVALENTS: OPENING BALANCE</b>	<b>11,571</b>	<b>2,672</b>	<b>(110)</b>	<b>14,133</b>
Increase (decrease) in cash and cash equivalents	153	(790)	274	(363)
Effect of changes in exchange rate and other changes	96	12	(25)	83
<b>CASH AND CASH EQUIVALENTS: CLOSING BALANCE</b>	<b>11,820</b>	<b>1,894</b>	<b>139</b>	<b>13,853</b>

(1) In 2016 the Automotive (excluding AVTOVAZ) segment includes the net income of the AVTOVAZ group and its parent company, accounted for by the equity method. As the impact of the AVTOVAZ group and its parent company on the net income and changes in cash between December 28, 2016 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016 (see 4.2.6.1).

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€44 million) and Nissan (€728 million).

(4) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ group and its parent company amounted to €(104) million in 2016, including €282 million of cash acquired.

(5) Renault SA sold Nissan shares for an amount of €1,119 million in 2016, in connection with Nissan's share repurchase operation between March and December 2016 (note 12-B to the consolidated financial statements for 2016).

#### A4 Other information for the Automotive segments: net cash position or net financial indebtedness and operational free cash flow

The net cash position or net financial indebtedness and operational free cash flow are only presented for the Automotive segments, since these indicators are not relevant for monitoring Sales Financing activity.

#### NET CASH POSITION (NET FINANCIAL INDEBTEDNESS)

	December 31, 2017			
(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(4,392)	(1,211)	215	(5,388)
Current financial liabilities	(4,270)	(532)	41	(4,761)
Non-current financial assets – other securities, loans and derivatives on financing operations	139	-	(50)	89
Current financial assets	1,181	-	(38)	1,143
Cash and cash equivalents	11,718	130	(3)	11,845
Capitalizable loans from Renault s.a.s. to AVTOVAZ	(87)	-	87	-
<b>NET CASH POSITION (NET FINANCIAL INDEBTEDNESS) OF THE AUTOMOTIVE SEGMENTS</b>	<b>4,289</b>	<b>(1,613)</b>	<b>252</b>	<b>2,928</b>

	December 31, 2016*			
(€ million)	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Non-current financial liabilities	(3,849)	(1,315)	235	(4,929)
Current financial liabilities	(5,343)	(746)	40	(6,049)
Non-current financial assets – other securities, loans and derivatives on financing operations	166	-	(57)	109
Current financial assets	1,228	-	(40)	1,188
Cash and cash equivalents	11,820	277	-	12,097
Capitalizable loans from Renault s.a.s. to AVTOVAZ	(97)	-	97	-
<b>NET CASH POSITION (NET FINANCIAL INDEBTEDNESS) OF THE AUTOMOTIVE SEGMENTS</b>	<b>3,925</b>	<b>(1,784)</b>	<b>275</b>	<b>2,416</b>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

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## OPERATIONAL FREE CASH FLOW

(€ million)	2017			
	Automotive (excluding AVTOVAZ)	AVTOVAZ	Intra-Automotive transactions	Total Automotive
Cash flows (excluding dividends from listed companies) before interest and tax	5,098	157	(2)	5,253
Changes in working capital before tax	447	98	5	550
Interest received by the Automotive segments	68	17	(4)	81
Interest paid by the Automotive segments	(352)	(128)	4	(476)
Current taxes (paid)/received	(487)	(6)	-	(493)
Acquisitions of property, plant and equipment and intangible assets net of disposals	(3,362)	(76)	(3)	(3,441)
Capitalized leased vehicles and batteries	(529)	-	-	(529)
<b>Operational free cash flow of the Automotive segments</b>	<b>883</b>	<b>62</b>	<b>-</b>	<b>945</b>

(€ million) 2016

## AUTOMOTIVE (EXCLUDING AVTOVAZ)

Cash flows (excluding dividends from listed companies) before interest and tax	5,043
Changes in working capital before tax	356
Interest received by the Automotive (excluding AVTOVAZ) segment	114
Interest paid by the Automotive (excluding AVTOVAZ) segment	(441)
Current taxes (paid)/received	(354)
Acquisitions of property, plant and equipment and intangible assets net of disposals	(3,047)
Capitalized leased vehicles and batteries	(564)
<b>Operational free cash flow of the Automotive (excluding AVTOVAZ) segment</b>	<b>1,107</b>

## B - Information by region

The Regions presented correspond to the geographic divisions used for Group management. The Regions are defined in section 1.3.1.3 of the Registration document.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangible assets are presented by location of subsidiaries and joint operations.

(€ million)	Europe <sup>(1)</sup>	Americas	Asia-Pacific	Africa-Middle East-India	Eurasia	Consolidated total
<b>2017</b>						
Revenues	36,249	6,773	3,638	4,512	7,598	58,770
Including AVTOVAZ <sup>(2)</sup>	44	5	-	2	2,951	3,002
Property, plant and equipment and intangible assets	12,956	1,073	522	706	3,565	18,822
Including AVTOVAZ <sup>(2)</sup>	-	-	-	-	1,533	1,533
<b>2016</b>						
Revenues	33,195	4,194	5,434	4,212	4,208	51,243
Property, plant and equipment and intangible assets	12,038	1,054	589	714	3,582	17,977
Including AVTOVAZ <sup>(2)</sup>	-	-	-	-	1,755	1,755

(1) Including the following for France:

(€ million)	2017	2016
Revenues	12,670	11,968
Property, plant and equipment and intangible assets	10,325	9,680

(2) The results of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which together make up the AVTOVAZ segment, are fully consolidated from January 1, 2017.

## 4.2.6.2 Accounting policies and scope of consolidation

### NOTE 1

#### APPROVAL OF THE FINANCIAL STATEMENTS

Groupe Renault's consolidated financial statements for 2017 were examined at the Board of Directors' meeting of February 15, 2018 and will be submitted for approval by the shareholders at the General Shareholders' Meeting.

### NOTE 2

#### ACCOUNTING POLICIES

In application of European regulations, Groupe Renault's consolidated financial statements for 2017 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2017 and adopted by the European Union at the year-end.

#### A - Changes in accounting policies

##### A1 Changes in 2017

At December 31, 2017 the Group applies the new amendments to accounting standards shown below, which were published in the Official Journal of the European Union and mandatory.

#### NEW AMENDMENTS THAT BECAME MANDATORY ON JANUARY 1, 2017

Amendment to IAS 7	Disclosure initiative
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses

The Group presents the new disclosures on changes in financial liabilities required by the amendment to IAS 7 in note 23-B.

The amendment to IAS 12 concerns recognition methods for a deferred tax asset and its requirements have been incorporated into the approach described in note 8.

The Group has not opted for early application of the new standards listed below, which have been published in the Official Journal of the European Union and will be mandatory from January 1, 2018 or later.

#### NEW STANDARDS AND AMENDMENTS NOT APPLIED EARLY BY THE GROUP

		Mandatory application date
IFRS 9	Financial instruments	January 1, 2018
IFRS 15	Revenue from contracts with customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

On October 29, 2016 the European Union published in the Official Journal IFRS 15, "Revenue from contracts with customers", which will replace IAS 11 and IAS 18 and the associated IFRIC and SIC interpretations. IFRS 15 proposes a new approach to recognition of sales revenues described in five stages.

This new standard will not have any major impact on the Group's financial statements. The Group has reviewed its sales contracts and concluded that there is no need to modify the trigger event for revenue recognition, or the current accounting treatment of warranties which makes a distinction between insurance-type warranties (to be covered by provisions) and service-type warranties (for which revenues are spread over the duration of the warranty extension). Treatment of incentives granted in the form of reduced interest on the sale of a vehicle with associated financing will be modified such that the effect of the interest reduction will always be included in profit and loss at the time of the vehicle sale, instead of being recognized progressively. The impact of this change, amounting to approximately €200 million net of deferred taxes, will be recognized in opening shareholders' equity. The Group has not identified any significant financing component at the transition date, but will apply the principle

of recognizing its effects in the financial statements as soon as they become significant. The Group also intends to disclose the amount of sales revenues with its partners in the notes to the financial statements.

The Group will apply IFRS 15 from January 1, 2018 under the simplified retrospective approach (cumulative effect method): the 2018 financial statements will apply the principles of IFRS 15, while the comparative figures for 2017 will continue to be reported under the previous standards. The effects of the changes will be recorded in shareholders' equity at January 1, 2018, and detailed information will be disclosed in the notes to show the impacts of first application of IFRS 15 and report sales revenues under the accounting policies previously used.

On November 29, 2016 the European Union published in the Official Journal IFRS 9, "Financial instruments". This standard introduces changes including:

- a new approach to classification and measurement of financial assets, based on the business model and contractual cash flows: loans and debt securities that are not considered "basic" as defined by the standard (Solely Payments of Principal and Interest) will be carried at fair value

through profit and loss, while “basic” loans and debt securities will be carried at amortized cost or at fair value through equity instruments will be carried at fair value through profit and loss or, under an irrevocable option, at fair value through other components of comprehensive income;

- a single impairment model based on credit risk: IFRS 9 introduces a shift from an “incurred” loss model to an “expected” loss model;
- a substantially reformed approach to hedge accounting, to better reflect risk management, particularly by broadening the range of eligible hedging instruments. Until a future standard is released for macro-hedging, IFRS 9 allows continuation of the existing hedge accounting treatments under IAS 39 for all hedging, or solely for macro-hedging.

The Group has reviewed all of its financial asset portfolios to determine their accounting classification according to the categories set out by IFRS 9. In particular, the Group intends to retain the classification of the change in the value of the Daimler shares held as part of the strategic partnership as “at fair value through other components of comprehensive income”. In accordance with the standard, shares in UCITS and mutual investment funds will now be carried at fair value through profit and loss.

The Group has also developed a new impairment model for receivables, based on prospective assessment of the credit risk at inception of the receivable and its deterioration over time. A simplified approach will be used for short-term Automotive receivables, leading to recognition of additional provisions on healthy receivables based on a transition matrix. The expected impacts of this new impairment model are not significant.

In the Sales Financing segment, in-depth analyses have been conducted to define a new impairment methodology. As a result, all financial instruments in the scope of the standard are potentially subject to impairment for expected credit losses under the following rules:

- upon initial recognition, impairment on the instrument is recorded equivalent to the 12-month expected credit loss;
- if there is a significant deterioration in the credit risk after initial recognition, impairment on the instrument is recorded equivalent to the instrument’s lifetime expected losses.

As IFRS 9 does not change the definition of the risk of default given by IAS 39, the Group will continue to use the same definitions of doubtful and impaired receivables. Moreover, it is important to note that the accounting concept of “doubtful” used in the Sales Financing segment is very similar to the Basel accords’ concept of “default”.

The new impairment model covers assets carried at amortized cost or at fair value through Other Components of Comprehensive Income, and must reflect the observed deterioration in the credit risk.

To ensure coherence between its prudential risk management policy and its accounting method for establishing provisions, the Sales Financing segment, in compliance with the recommendations of the Basel Committee and the European Banking Authority, will use the existing Basel rules as far as possible to generate the IFRS 9 parameters required for its calculations. However, to comply with IFRS 9, adjustments must be made to the parameters used for portfolios concerned by the AIRB (advanced internal ratings-based) approach, in order to incorporate economic conditions and forecasts and recent developments that are not adequately reflected at the

closing date (as opposed to using the prudential environment’s “bottom of cycle” assessment or long-term historical average).

An advanced approach based on Basel credit risk models will thus be implemented for customer and dealer loans and financing, finance lease receivables, and irrevocable financing commitments and financial guarantees given. These assets account for more than 85% of the financial assets covered by IFRS 9. For other assets, a standard approach based on a simplified methodology will be applied, since these portfolios are non-significant.

Measurement of the impacts of application of these new methods on the Group’s financial statements is currently being finalized, and should lead to an increase in impairment, although with low materiality.

For hedge accounting, the Group will apply IFRS 9 for documentation of its micro-hedging operations, and the accounting principles laid down in IAS 39 will continue to be used for documentation of macro-hedging operations until there is a further change in the IFRS.

IFRS 9 is mandatory from January 1, 2018 and can be applied early. The changes in accounting policies resulting from adoption of IFRS 9 will be applied retrospectively in the financial statements for the year ending December 31, 2018, with application of the following simplifications:

- the 2017 consolidated financial statements presented for comparative information will not be restated for application of IFRS 9, and will thus be identical to the figures published for N-1 under the accounting principles laid down in IAS 39 “Financial Instruments – Recognition and Measurement”;
- differences in book value on financial assets at the date of first application of IFRS 9 will be recorded in shareholders’ equity, under Reserves and Revaluation of financial instruments.

Measurement of the impacts of IFRS 15 and IFRS 9 for the Nissan group is currently being finalized.

On November 9, 2017 the European Union published in the Official Journal IFRS 16, “Leases”, which will replace IAS 17 and the associated IFRIC and SIC interpretations and will eliminate the previous distinction between operating leases and finance leases for the lessee. Under IFRS 16, the lessee recognizes an asset related to the right of use and a financial liability that represents the lease obligation. The right-of-use asset is amortized and the lease liability is initially recognized at the present value of lease payments over the term of the lease. The present value is computed using the implicit interest rate of the lease agreement if it can be readily determined, or at the incremental borrowing rate otherwise. However, IFRS 16 is very similar to the existing standard as regards the treatment of leases by the lessor.

The Group is currently working to identify its leases that come under the scope of IFRS 16, and is examining their valuation under the new standard. At this stage, real estate leases make up the Group’s main lease commitments and will account for most of the restated agreements.

No valuation is yet available of the impacts of application of this standard, but due to the specificities in lease contracts allowing penalty-free withdrawal before the end of the contract, the irrevocable lease commitments reported in note 28-A1 to the 2017 financial statements



are still not fully representative of the financial liability that should be recognized in application of IFRS 16. The negative impact of this standard's application on the financial liability, and the positive effects on the operating margin and cash flows from operating activities, are currently being analyzed.

Application of IFRS is mandatory from January 1, 2019. The Group does not intend to apply the standard early. The modalities of first application of IFRS 16 have not yet been fixed.

## A2 Accounting policies applied by the AVTOVAZ group

The AVTOVAZ group's financial statements, which are fully consolidated from December 31, 2016, are prepared under IFRS as issued by the IASB. The accounting policies applied are the same as those used by the Groupe Renault described in note 2, apart from a few exceptions which are specifically indicated in the relevant sections of note 2.

These exceptions concern useful lives for property, plant and equipment (note 2-L), the definition of cash-generating units (note 2-M) and the valuation method for the cost of outgoing inventories (note 2-O).

## B - Estimates and judgments

In preparing its financial statements, Renault has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain notes. Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If there are changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future consolidated financial statements could differ from the estimates established at the time the financial statements were finalized.

For the purposes of allocation of the purchase price of AVTOVAZ, the fair value of the assets and liabilities transferred at December 31, 2016 was determined (note 3-B). These valuations, which are dependent on estimates and judgments, affected the following items: property, plant and equipment and intangible assets, financial assets and other assets, deferred taxes, customer receivables, financial liabilities, other liabilities and provisions.

In general, the main items in the Group's consolidated financial statements that are dependent on estimates and judgments at December 31, 2017 are:

- capitalization of research and development expenses and their amortization period (notes 2-K and 10-A);
- any impairment on fixed assets (notes 2-M and 11), and operating receivables (notes 16 and 17);
- the recoverable value of leased vehicles classified as property, plant and equipment or in inventories (notes 2-G, 10-B and 14);
- investments in associates, notably Nissan (notes 2-M, 12 and 13);
- sales financing receivables (notes 2-G and 15);
- recognition of deferred tax assets on tax loss carryforwards (notes 2-I and 8);
- provisions, particularly vehicle and battery warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (notes 2-S and 19) and provisions for workforce adjustment measures (notes 2-T and 6-A) and provisions for legal and tax risks (note 20);

- the value of assets in Iran, mainly comprising shares, a shareholder loan and commercial receivables (note 6-D) and in general the value of Group assets located in all areas concerned by country risks.

## C - Consolidation principles

The consolidated financial statements include the financial statements of all companies controlled exclusively by the Group (subsidiaries) either directly or indirectly. Jointly controlled companies are accounted for under the equity method when they are classified as joint-ventures and consolidated on the basis of the percentage share specific to each balance sheet and income statement item when they are classified as joint operations.

Companies in which the Group exercises significant influence (associates) are included in the financial statements on an equity basis.

Significant intercompany transactions between consolidated companies and unrealized internal profits are eliminated.

Investments in non-significant companies that are not included in the scope of consolidation, even though they fulfill the above criteria, are recorded as other non-current assets.

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognized via provisions, and which:

- acquire almost all their purchases from Group companies; or
- carry out almost all their sales transactions with Group companies.

Put options on non-controlling interests are carried at fair value and classified in other non-current liabilities in the consolidated financial position, with a corresponding adjustment to equity.

## D - Presentation of the consolidated financial statements

### Valuation basis

The consolidated financial statements are established under the historical cost convention, except for certain categories of assets and liabilities, in compliance with IFRS rules. The categories concerned are detailed in the following notes.

### Operating income and operating margin

Operating income includes all income and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin corresponds to the operating income before other operating income and expenses, which are, by nature or exceptionally, significant and unusual and could affect the comparability of the margin. Other operating income and expenses mainly cover:

- restructuring costs relating to discontinued activities and workforce adjustment costs;
- gains or losses on partial or total disposal of businesses or operating interests, gains or losses on total or partial disposals of investments in associates and joint-ventures, other gains and losses relating to changes in the scope of consolidation such as acquisitions of control, as defined by IFRS 10, over entities previously accounted for under the equity method, and direct acquisition costs for entities that are fully

consolidated or consolidated on a line-by-line percentage of interest basis;

- gains or losses on disposal of property, plant and equipment or intangible assets (except leased asset sales);
- impairment on property, plant and equipment or intangible assets and goodwill (excluding goodwill of associates or joint-ventures);
- unusual items, *i.e.* income and expenses that are unusual in their frequency, nature or amount, relating to significant litigation or impairment of operating receivables.

#### Equity-method accounting of associates and joint-ventures

The share in net income of associates and joint-ventures reported in the Group's consolidated income statement comprises the share in these entities' profits or losses, and impairment and reversal of impairment relating to these entities (note 2-M). The impairment booked is limited to the net book value of the investment, unless an additional commitment has been made.

The gain or loss resulting from the sale or loss of significant influence or joint control over associates and joint-ventures accounted for by the equity method, and the gain or loss on acquisition of control, as defined by IFRS 10, over companies that were already consolidated but not controlled, is reported in other operating income and expenses in the Group's consolidated income statement. This includes transfers of accumulated translation adjustments during the period the entity was accounted for by the equity method.

The Group recognizes a deferred tax liability on dividend distributions for all differences between the book and tax values of its investments in associates and joint-ventures (note 2-I). This tax is included in current and deferred taxes in the Group's income statement.

Goodwill relating to associates and joint-ventures is included in the value of these interests as stated in the assets in the consolidated statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint-ventures (note 2-J).

Acquisition expenses related to investments in associates and joint-ventures are included in the initial acquisition cost for these investments.

Cross-investments between a consolidated entity and an associate are neutralized in measuring the investment in the associate as stated in the assets of the statement of financial position. Nissan's 15% stake in Renault is therefore neutralized in valuing the investment in Nissan shown in the assets of the consolidated statement of financial position (note 12).

Dividends received from unlisted associates and joint-ventures are included in the Automotive segments' operational free cash flow, while dividends received from listed associates and joint-ventures, *i.e.* Nissan, are excluded from the operational free cash flow of the Automotive (excluding AVTOVAZ) segment.

#### Reporting by operating segment

The information by operating segment is based on internal reporting to the Group Executive Committee, identified as the "Chief Operating Decision-Maker". This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments. The "Intersegment transactions" and "Intra-Automotive transactions" columns are reserved for transactions between the segments, which are carried out on near-market terms. Dividends paid by the Sales Financing segment to the Automotive (excluding AVTOVAZ)

segment are included in the Automotive (excluding AVTOVAZ) segment's financial income.

The indicator used to evaluate segment performance is the operating margin.

Apart from taxes and the associates' share in net income, income and expenses relating to sales financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automotive (excluding AVTOVAZ) segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive (excluding AVTOVAZ) segment to the sales financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred. These receivables are mostly receivables on the dealership network.

Vehicles and batteries for which the Automotive (excluding AVTOVAZ) segment has a repurchase commitment are included in the segment's assets. When these assets are financed by the Sales Financing segment, the Sales Financing segment recognizes a receivable on the Automotive (excluding AVTOVAZ) segment.

#### Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales Financing segment (other than redeemable shares and subordinated loans) are considered current assets and liabilities, because they are used in this operating segment's normal business cycle.

For the Automotive segments, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

#### E - Translation of the financial statements of foreign companies

The Group's presentation currency is the euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that is adopted as the functional currency.

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) International Task Force. None of the countries where Renault has significant business activity was on this list in 2017.

Foreign companies' accounts are established in their functional currency, and subsequently translated into the Group's presentation currency as follows:

- financial position items other than components of shareholders' equity, which are stated at historical value, are translated at the closing exchange rate;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is one of the other components of comprehensive income, and therefore has no impact on net income.

Goodwill generated by a business combination with a foreign company is treated as an asset or liability of the entity acquired, as appropriate. It is therefore expressed in the relevant entity's functional currency, and translated into euros at the closing rate.

When a foreign company is sold, the accumulated translation adjustments

on its assets and liabilities are transferred to other operating income and expenses in the income statement.

## F - Translation of foreign currency transactions

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary assets and liabilities in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognized in the income statement, except for foreign exchange gains and losses on financial instruments designated as hedges of a net investment in a foreign entity (note 2-X).

The impacts recorded in net income are as follows:

- translation adjustments related to financial operations by the Automotive segments are included in net financial income;
- other translation adjustments are included in the operating margin.

Derivatives are measured and recorded as described in note 2-X.

## G - Revenues and margin

Revenues comprise all proceeds from sales of the Group's automotive goods, services related to these sales, and the various sales financing products marketed by the Group's companies to their customers.

### Sales of goods and services and operating margin recognition

#### SALES AND MARGIN RECOGNITION

Sales of automotive goods are recognized when the goods are made available to the dealership network in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. The margin on sales is recognized immediately for normal sales by the Automotive segments, including sales with associated financing contracts (credit or finance lease). However, no sale is recognized when an automotive item (vehicle or electric car battery) is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment with a high probability of application, if the term of the contract covers an insufficient portion of the item's useful life.

In such cases, the transactions are recorded as operating leases and included in sales of services. The difference between the price paid by the customer and the buy-back price is treated as rental income, and spread over the period the automotive item is at the customer's disposal. The production cost for the new automotive item concerned is recorded in inventories for contracts of less than one year, or included in fixed assets leased to customers when the contracts exceed one year. The sale of the automotive item as second-hand at the end of the lease gives rise to recognition of revenue and the related margin. The forecast resale value takes account of recent known developments on the second-hand automotive market but also future anticipated developments over the period in which the automotive goods will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range or the manufacturer's pricing strategy). As soon as a loss is expected on the resale, (if the automotive item is in

inventories) or additional depreciation (if the automotive item is included in property, plant and equipment) is recognized to cover the loss. When the overall position of the lease contract (rental income and income on resale) shows a loss, additional impairment is also recorded immediately to cover the future loss.

#### SALES INCENTIVE PROGRAMMES

When based on the volume or price of the products sold, the cost of these programs is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programs are approved after the sales, a provision is established when the decision is made.

The Group sometimes organizes promotional campaigns offering reduced-interest loans to final customers. The cost of these operations is recognized immediately when the rates offered cannot cover refinancing and administration costs, and charged to sales financing revenues over the duration of the loan otherwise.

#### WARRANTY

The estimated or incurred costs relating to manufacturer's product or part warranties not covered by insurance are charged to expenses when the sales are recorded. Provisions for costs to be borne by Renault are valued on the basis of observed data by model and engine, *i.e.* the level of costs, and their distribution over the periods covered by the manufacturer's warranty. In the event of product recalls following incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered almost certain they will be recovered.

#### SERVICES RELATED TO SALES OF AUTOMOTIVE PRODUCTS

Renault offers its customers extended warranty and maintenance contracts, the income and margin on which are recognized over the period covered by the contract.

### Sales financing revenues and operating margin recognition

#### SALES FINANCING REVENUES

Sales financing revenues are generated by financing operations for sales of vehicles to dealers and final customers. These financing operations take the form of loans from the Sales Financing segment companies, and are carried in the balance sheet at amortized cost under the effective interest rate method, less any impairment recognized. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in revenues.

#### SALES FINANCING COSTS

The costs of sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by Sales Financing companies to refinance their customer loan transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks unrelated to refinancing of receivables. Refinancing comes from diversified sources: public and private bond issues, public and private securitization backed

by Automotive segments loans, negotiable debt instruments, savings collected and financing from credit institutions and related entities.

#### Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

#### Impairment of receivables

Impairment for incurred losses is recognized to cover the risk of non-recovery of receivables. This impairment is determined on an individual basis for customer sales financing receivables (using a case-by-case or statistical approach). For dealer financing, it is determined on an individual basis under a case-by-case approach in the case of doubtful receivables and on a collective basis for healthy receivables (using a statistical approach or internal expert assessment). Any receivable with an incurred risk of partial or total non-recovery is classified as a doubtful receivable no later than once it is overdue by more than three months, and as an impaired receivable if the debtor's financial position has significantly deteriorated and no later than one year after classification as doubtful. Impairment is recognized accordingly.

Impairment for country risk is also recognized, depending on the credit risk to which debtors are exposed when there is a long-term continuous decline in a country's economic environment. This impairment is recognized for non-euro-zone countries rated lower than BBB+ by Standard & Poor's. In the current RCI Banque portfolio, the countries concerned are Argentina, Brazil, Morocco and Romania. The impairment is calculated by applying a forecast default rate (probability of default) and a loss given default to outstanding sales financing customer receivables that have not already been subject to impairment on an individual basis and by country. Dealer financing assets are already covered by dealer network impairment, which uses a similar calculation basis.

### H - Financial income (expenses)

The cost of net financial indebtedness comprises the cost of gross financial indebtedness less income associated with cash, cash equivalents and financial assets of the Automotive segments. The cost of gross financial indebtedness consists of income and expenses generated by the Automotive segments' financial indebtedness during the period, including the impact of the effective portion of the related interest rate hedges.

Other financial income and expenses mainly include changes in the fair value of Renault SA redeemable shares, the net interest on provisions for pensions, and dividends and impairment of companies that are neither controlled nor over which the Group has significant influence.

### I - Income tax

The Group recognizes deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated statement of financial position. Deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorized to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Recognition of deferred tax assets depends on the probability of future recovery.

For associates and joint-ventures, a deferred tax liability on dividend distributions is booked for all differences between the book value and tax value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the Company makes a taxable profit are set against the relevant nature of expense.

### J - Goodwill

Non-controlling interests (formerly called "minority interests") are carried at fair value (the full goodwill method) or at their share in the fair value of assets acquired and liabilities transferred (the partial goodwill method). To date, Renault has only recognized goodwill valued under the partial goodwill method. The choice of which method to use is made by the Group for each individual case.

Goodwill is not amortized, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less any accumulated impairment.

Goodwill relating to associates and joint-ventures is included in the value of the interests concerned as reported in the assets in the consolidated statement of financial position. In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates and joint-ventures.

Acquisitions of additional non-controlling interests in companies controlled by the Group are treated as equity transactions. The positive or negative difference between the cost of acquiring shares and the book value of the non-controlling interests acquired is recorded in shareholders' equity.

### K - Research and development expenses

Development expenses incurred between the decision to begin development and implement production facilities for a new vehicle or component (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalized as intangible assets. They are amortized on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, which is initially no longer than seven years. Market lives are regularly reviewed and subsequently adjusted if there is a significant difference from the initial estimate. Capitalized development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, the cost of personnel assigned to the project and a share of overheads dedicated exclusively to development activities.

Borrowing costs directly attributable to the development of a project requiring at least 12 months of preparation before commissioning are included in the gross value of the so-called "qualifying" assets. The capitalization rate for borrowing costs is limited such that capitalized borrowing costs do not exceed the total borrowing costs borne during the year. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Expenses incurred before the formal decision to begin product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

## L - Property, plant and equipment

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

The production cost for property, plant and equipment also includes financing costs borne during the construction phase, under the same method as for intangible assets. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

### Depreciation

In the **Automotive (excluding AVTOVAZ) and the Sales Financing segments**, depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings <sup>(1)</sup>	15 to 30 years
Specific tools	2 to 7 years
Machinery and other tools (other than press lines)	5 to 15 years
Press lines	20 to 30 years
Other property, plant and equipment <sup>(2)</sup>	4 to 6 years

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

(2) Except for leased batteries, which are depreciated over periods of 8 to 10 years depending on the models.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or component from the market.

Depreciation for the **AVTOVAZ segment** is calculated on a straight-line basis over useful lives that may be longer than those used in other Groupe Renault companies, up to a maximum of 80 years for buildings, 17 years for specific tools, 20 years for machinery and other tools and 13 years for other property, plant and equipment.

## M - Impairment

### Impairment of fixed assets (other than leased assets)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the Company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automotive (excluding AVTOVAZ) segment**, impairment tests are carried out at two levels:

- at the level of vehicle-specific assets (including components)  
Vehicle-specific assets (including components) consist of capitalized development expenses and tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle and its components;

Investment subsidies received are, where applicable, deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets used by the Group under finance leases are, where applicable, treated as assets financed by credit.

Fixed assets leased to customers are vehicles and batteries under a lease of more than one year from a Group finance company, for which the Group has a repurchase commitment, or vehicles sold under an agreement including a buy-back clause (note 2-G).

- at the level of other cash-generating units  
A cash-generating unit is defined as a coherent subset that generates largely independent cash flows. Other cash-generating units may represent an economic entity (plant or subsidiary) or the whole Automotive (excluding AVTOVAZ) segment. Net fixed assets related to cash-generating units notably include goodwill, specific assets and capacity assets, and components of working capital.

For each of the two levels, impairment tests are carried out by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the use of an asset. Future cash flows derive from the business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. They also include the dividends paid by the Sales Financing segment to the Automotive (excluding AVTOVAZ) segment; these dividends represent, in cash form, the Sales Financing segment's contribution as taken into consideration in internal assessments of project profitability. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the prices of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the Company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

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For the **Sales Financing segment**, an impairment test is carried out at least once a year or whenever there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. The value in use is based on a market approach, determined by using multiples for each group of cash-generating units made up of legal entities or groups of legal entities in the same country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate. The forecast horizon for income and losses is one year.

For **AVTOVAZ**, impairment tests are also carried out at two levels (on specific assets and on the whole Group). The AVTOVAZ group as a whole is considered as one cash-generating unit, and no tests are conducted for individual factories or economic entities.

#### Impairment of investments in associates and joint-ventures

Impairment tests of the value of investments in associates and joint-ventures are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the Company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate or joint-venture with the recoverable value, which is the higher of value in use and fair value, less selling costs. The value in use is equal to the share of the present value of future estimated cash flows expected by the associate or joint-venture. If the associate or joint-venture is listed, the fair value is its stock market value.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate or joint-venture, and included in the Group's income statement via the share in net income (loss) of associates and joint-ventures.

#### N - Non-current assets or groups of assets held for sale

Assets held for sale are non-current assets or groups of assets that are available for immediate sale and have a high probability of being sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further amortization is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the consolidated financial position.

#### O - Inventories

Inventories are stated at the lower of cost or net realizable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses, and a share of manufacturing overheads based on a normal level of activity. The normal level of activity is assessed site by site, in order to determine the share of fixed costs to be excluded in the event of below-normal activity.

Inventories of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment are valued under the FIFO (First In First Out) method. Inventories of AVTOVAZ are valued at weighted average cost.

When the net realizable value is lower than the financial position value, impairment equal to the difference is recorded.

#### P - Assignment of receivables

Receivables assigned to third parties (through securitization or discounting) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question.

The same treatment applies to assignments between the Automotive (excluding AVTOVAZ) and Sales Financing segments.

#### Q - Treasury shares

Treasury shares are shares held for the purposes of stock option plans, performance share plans and other share-based payment arrangements awarded to Group managers and executives. Treasury shares acquired during the sale of Renault shares by the French State in 2017 are to be used for a share offering reserved for current and former employees that will enable them to share in Groupe Renault's results (note 18-C).

They are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity. Consequently, no gain or loss on treasury shares is included in the net income for the period.

#### R - Stock option plans/Performance share attribution plans and other share-based payment agreements

The Group awards stock option plans (purchase and subscription options), performance share attribution plans and other share-based payments, all settled in Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or performance shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or shares is measured by reference to the fair value of those options or shares at their grant date, using a suitable binomial mathematical model that assumes exercise of the options is spread over the exercise period on a straight-line basis. Entitlements to attribution of performance shares are valued based on the share value at grant date less dividends expected during the vesting period. Where relevant, a discount is applied to reflect the fact that the shares must be held for a certain period. The share price volatility factor applied is implicit volatility at the grant date. The expected dividend used is determined by reference to the dividend payout schedule announced at the time each plan is valued.

The total fair value calculated in this way is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

### S - Pensions and other long-term employee benefit obligations

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula, principally on a straight-line basis over the years of service.

The future payments for employee benefits are measured on the basis of assumptions regarding future salary increases, retirement age, mortality and length of employment with the Company, and are discounted at a rate determined by reference to yields on long-term high-quality corporate bonds of a duration corresponding to the estimated average duration of the benefit plan concerned.

The actuarial gains and losses resulting from revisions of the underlying assumptions and experience-based adjustments are included in other components of comprehensive income.

The net expense for the year, corresponding to the current period service cost plus the past service cost, where relevant, is charged to the operating margin. The interest expense on the net defined-benefit liability (asset) is recorded in the net financial income and expenses.

### T - Workforce adjustment measures

The estimated cost of workforce adjustment measures, which for accounting purposes is treated as an employee benefit, is covered by a provision over the estimated residual employment period of the employees concerned.

The estimated cost of termination indemnities is recognized as soon as a detailed plan has either been announced or is in progress.

### U - Financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, marketable securities, negotiable debt instruments, loans, and derivative assets related to financial transactions (note 2-X).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets.

### Investments in non-controlled companies in which Renault does not have significant influence

Investments in non-controlled companies in which Renault does not have significant influence are classified as "available-for-sale" assets. The fair values of such financial assets are determined in priority by reference to the market price. If this is not possible, the Group uses a valuation method that is not based on market data.

Changes in the fair value of "available-for-sale" assets are included in other components of comprehensive income. If there is a significant or prolonged decrease in the fair value such that it falls below the acquisition price, impairment is recorded in the income statement. A decrease is considered significant if it exceeds 40% of the amount and prolonged if it is observed in more than four successive published financial reports.

### Marketable securities and negotiable debt instruments

Short-term investments in the form of marketable securities and negotiable debt instruments are undertaken for the management of cash surpluses, but do not meet the requirements to qualify as cash equivalents.

These instruments are classified as "available-for-sale" assets and carried at fair value.

### Loans

Loans essentially include loans for investment of cash surpluses and loans to associates.

They are initially recognized at fair value, plus directly attributable transaction costs.

Loans are valued at amortized cost. Impairment is recognized in the income statement when there is objective evidence of depreciation in value caused by an event arising after the initial recognition of the asset.

### V - Cash and cash equivalents

Cash includes cash on hand, current accounts and other demand deposits, with the exception of bank overdrafts, which are included in financial liabilities. These instruments are stated at amortized cost.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value. Fixed or variable-income instruments that are not listed on an active market are stated at amortized cost. Other instruments are carried at fair value.

Bank accounts subject to restrictions due to sector-specific regulations (for example, banking regulations) or bank accounts allocated to increasing credit on securitized receivables are included in cash and cash equivalents.

### W - Financial liabilities of the Automotive segments and sales financing debts

The Group recognizes a financial liability (for the Automotive segments) or a sales financing debt when it becomes a party to the contractual provisions of the instrument.

Financial liabilities and sales financing debts comprise redeemable shares, bonds, other debts represented by a certificate, borrowings from credit institutions, other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-X).

### Redeemable shares

In accordance with IAS 39, the Group considers that the variable interest on redeemable shares is an embedded derivative. As this cannot be valued separately, the Group accordingly states all its redeemable shares at fair value, which is equal to market value.

Changes in the fair value of Automotive (excluding AVTOVAZ) segment redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales Financing segment redeemable shares are recorded in the operating margin.

### Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings are initially stated at fair value, less any directly attributable transaction costs.

At each reporting date, apart from specific hedge accounting methods (note 2-X), these financial liabilities are generally restated at amortized cost using the effective interest rate method. The financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

## X - Derivatives and hedge accounting

### Measurement and presentation

Derivatives are initially stated at fair value. This fair value is subsequently reviewed at each closing date.

- the fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates);
- the fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account any unrealized gains or losses based on interest rates and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest;
- the fair value of commodity derivatives is based on market conditions.

The Automotive segments' derivatives are reported in the financial position as current if they mature within 12 months and non-current otherwise. All Sales Financing segment derivatives are reported in the financial position as current.

### Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge;
- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- fair value hedges: the hedged item is adjusted to fair value in view of the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument;
- cash flow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to the income statement when the hedged item has an impact on net income;
- hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in shareholders' equity is transferred to net income at the date of liquidation or sale of the investment. The interest rate component of borrowings in yen used to hedge the investment in Nissan is considered as the ineffective portion, and is therefore recorded directly in financial income and expenses.

### Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating margin.



## NOTE 3

## CHANGES IN THE SCOPE OF CONSOLIDATION

	Automotive (excluding AVTOVAZ)	AVTOVAZ	Sales Financing	Total
Number of companies consolidated at December 31, 2016	115	74	36	225
Newly consolidated companies (acquisitions, creations, etc.)	1	-	1	2
Deconsolidated companies (disposals, mergers, liquidations, etc.)	-	9	-	9
Number of companies consolidated at December 31, 2017	116	65	37	218

**A - Main change in the scope of consolidation in 2017**

RCI Colombia SA, a customer and dealer sales financing company in Colombia formed by the Group in partnership with BBVA, joined the scope of consolidation in 2017. The Group has exclusive control over this entity, which is fully consolidated.

On December 15, 2017, Groupe Renault announced the creation of a new joint-venture named Renault-Brilliance-Jinbei Automotive Company, which will produce and sell light commercial vehicles in China under the Jinbei, Renault and Huasong brands. Renault owns 49% of this joint-venture and its investment was purchased for 2 yuan. The new entity will be accounted for by the equity method from January 1, 2018.

**B - AVTOVAZ group**

The AVTOVAZ group is Russia's leading automaker. It sells Lada brand cars and also makes cars for Renault and Nissan.

The joint-venture Alliance Rostec Auto b.v. and the AVTOVAZ group, consisting of the parent company PAO AVTOVAZ and its subsidiaries, which were previously accounted for by the equity method, are fully consolidated from the date of the Alliance Rostec Auto b.v. capital increase subscribed by Renault s.a.s. in late December 2016, which took place after the AVTOVAZ capital increase subscribed by Alliance Rostec Auto b.v.

The acquisition of control, as defined by IFRS 10, took place on December 28, 2016. Since the impact of these entities on net income and changes in cash between December 28 and December 31, 2016 was judged non-significant, full consolidation was applied from December 31, 2016.

The cash capital increase for Alliance Rostec Auto b.v. subscribed by Renault s.a.s. on December 28, 2016, which amounted to 14.85 billion roubles (€236 million translated at the rate at the capital increase date), followed a 26.14 billion rouble cash capital increase for AVTOVAZ, of which 14.85 billion roubles (€231 million at the 2016 year-end exchange rate) were provided by Alliance Rostec Auto b.v.

Alliance Rostec Auto b.v. also invested in a financial instrument with a value of €180 million, substantially conferring economic interests in AVTOVAZ even though this financial instrument does not make Alliance Rostec Auto b.v. the legal owner of any shares in AVTOVAZ. Alliance Rostec Auto b.v. contracted a loan from Renault to finance this operation.

Following these capital increases, at December 31, 2016 Renault owned 73.30% of the capital (57.30% of voting rights) of Alliance Rostec Auto b.v., which held 64.60% of the capital of AVTOVAZ, such that the indirect investment in AVTOVAZ was 47.35%. Including the financial instrument held by Alliance Rostec Auto b.v., 88.69% of the capital of AVTOVAZ was held by Alliance Rostec Auto b.v., and therefore in substance the indirect percentage ownership of AVTOVAZ was 65.01% at December 31, 2016.

The fair value of the total consideration transferred at the acquisition date breaks down as follows:

- €113 million (7,106 million Russian roubles) for the investment previously held via Alliance Rostec Auto b.v., translated at the rate of the date of the December 2016 AVTOVAZ capital increase for ordinary shares, and valued at the AVTOVAZ stock market price at the date of acquisition of control under IFRS 10 for preference shares, i.e. 9 Russian roubles per ordinary share and 3.92 Russian roubles per preference share. This valuation resulted in recognition in other operating income of a €113 million gain on sale of the shares owned prior to the acquisition of control;
- €217 million in cash;
- €132 million corresponding to 73.3% of the €180 million paid by Alliance Rostec Auto b.v. to acquire a financial instrument analyzed in substance as economic interests in AVTOVAZ.

The costs associated with the acquisition of control amount to €4 million (of which €3 million were already recognized at December 31, 2016), and are recorded in other operating expenses.

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As the control over AVTOVAZ was acquired at the very end of 2016, it was not possible to determine the fair values of the assets and liabilities transferred by the year-end. They were therefore recorded at the value stated in the consolidated financial statements under IFRS published by AVTOVAZ at December 31, 2016, except for certain debts to Renault. The fair values of the assets and liabilities transferred were finalized in 2017. The net liabilities acquired break down as follows:

Notes	Fair value at December 31, 2016 of the net liabilities acquired (using the exchange rate of December 28, 2016)		Book value at December 31, 2016 in the financial statements of AVTOVAZ and Alliance Rostec Auto b.v. (using the exchange rate at December 31, 2016)		Adjustments for allocation of the purchase price	
	(€ million)	(millions of Russian roubles)	(€ million)	(millions of Russian roubles)	(millions of Russian roubles)	
<b>AVTOVAZ group net liabilities</b>						
Property, plant and equipment and intangible assets	(1)	821	51,723	661	42,475	9,248
Investments in associates and joint-ventures		41	2,606	41	2,606	-
Financial assets and other non-current assets		233	14,696	241	15,525	(829)
Deferred tax assets	(2)	266	16,784	21	1,339	15,445
Inventories		319	20,059	320	20,600	(541)
Customer receivables	(3)	256	16,156	248	15,884	272
Current financial assets and other current assets		129	8,134	127	8,181	(47)
Cash and cash equivalents		280	17,610	274	17,610	-
Long-term provisions		(13)	(818)	(10)	(628)	(190)
Non-current financial liabilities	(3)	(1,159)	(73,036)	(874)	(56,194)	(16,842)
Deferred tax liabilities	(4)	-	-	(51)	(3,311)	3,311
Other non-current liabilities		(40)	(2,540)	(28)	(1,788)	(752)
Short-term provisions		(80)	(5,082)	(78)	(4,989)	(93)
Current financial liabilities		(762)	(47,986)	(746)	(47,986)	-
Trade payables		(744)	(46,882)	(729)	(46,882)	-
Current tax liabilities and other current liabilities		(318)	(20,021)	(311)	(20,021)	-
Non-controlling interests		(11)	(662)	(10)	(662)	-
<b>Net liabilities acquired from the AVTOVAZ group</b>		<b>(782)</b>	<b>(49,259)</b>	<b>(904)</b>	<b>(58,241)</b>	<b>8,982</b>
<b>Net assets of Alliance Rostec Auto b.v.</b>						
Cash and cash equivalents		3	176	3	176	-
Other operating assets and liabilities		-	(15)	-	(15)	-
<b>Net assets acquired from Alliance Rostec Auto b.v.</b>		<b>3</b>	<b>161</b>	<b>3</b>	<b>161</b>	<b>-</b>

(1) The Lada brand, which is valued at 9,248 million Russian roubles, has an indefinite useful life and is thus unamortized.

(2) Mainly corresponds to recognition of deferred tax assets on tax loss carryforwards amounting to 16,967 million Russian roubles and deferred taxes on other adjustments.

(3) Corresponds to an adjustment of debts to Russian Technologies, Renault s.a.s. (2,679 million roubles already recorded in the consolidated financial statements at December 31, 2016) and Vnesheconombank (VEB).

(4) Including €(233) million roubles already recognized at December 31, 2016 reclassified as a deduction from deferred tax assets.

## FINAL DETERMINATION OF GOODWILL

	Amounts at December 31, 2017		Amounts at December 31, 2016	
	(€ million)*	(millions of Russian roubles)	(€ million)*	(millions of Russian roubles)
Fair value of the consideration transferred (A)	462	30,300	462	30,300
Net liabilities of AVTOVAZ transferred – 100% (B)	(782)	(49,259)	(868)	(54,630)
Net assets acquired from Alliance Rostec Auto b.v. (C)	3	161	3	161
Share acquired (D) = (B) x 65.01% + (C) x 73.3%	(506)	(31,905)	(563)	(35,397)
<b>Goodwill (A) - (D)</b>	<b>968</b>	<b>62,205</b>	<b>1,025</b>	<b>65,697</b>

\* Translated at the euro-rouble rate at the date of acquisition of control: 62.9938 RUB = 1 EUR, or the rate of the payment date in the case at the fair value of the consideration transferred.

## Corrections to the consolidated financial position at December 31, 2016 following the final allocation of the purchase price for AVTOVAZ

The finalized fair values of the AVTOVAZ assets and liabilities transferred and the amount of goodwill on this business combination were determined in 2017 and are reported in the statement of financial position at December 31, 2016 presented in these financial statements. Details of the adjustments made to the figures published in the 2016 Registration document are provided below:

### GROUPE RENAULT CONSOLIDATED FINANCIAL POSITION

	Amounts at December 31, 2016		Difference
	As published at December 31, 2016	As published at December 31, 2017	
(€ million)			
Property, plant and equipment and intangible assets	17,887	17,977	90
Investments in associates and joint-ventures	19,026	19,026	-
Non-current financial assets	1,392	1,379	(13)
Deferred tax assets and other non-current assets	2,288	2,583	295
Inventories	5,821	5,813	(8)
Customer receivables	36,272	36,258	(14)
Current financial assets and other current assets	5,564	5,563	(1)
Cash and cash equivalents	13,853	13,853	-
<b>TOTAL ASSETS</b>	<b>102,103</b>	<b>102,452</b>	<b>349</b>
Shareholders' equity	30,895	30,924	29
Long-term provisions	3,174	3,177	3
Non-current financial liabilities	4,639	4,943	304
Deferred tax liabilities	124	124	-
Other non-current liabilities	1,518	1,530	12
Short-term provisions	1,159	1,160	1
Current financial liabilities	41,289	41,289	-
Trade payables	9,533	9,533	-
Current tax liabilities and other current liabilities	9,772	9,772	-
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>102,103</b>	<b>102,452</b>	<b>349</b>

### Changes in Renault's investment in AVTOVAZ in 2017 and non-controlling interests

During 2017, Renault's investment in AVTOVAZ changed due to Renault's acquisition in September 2017 of the shares in Alliance Rostec Auto b.v. that were previously held by Nissan and a put option for AVTOVAZ shares subscribed with a third party. The impact of the change in the investment is directly recognized in shareholders' equity – parent company shareholders' share and non-controlling interests' share, in the respective amounts of -€139 million and €87 million.

At December 31, 2017 Renault held 82.45% of the capital (and 66.45% of the voting rights) of Alliance Rostec Auto b.v., which held 64.60% of AVTOVAZ, such that the indirect investment in AVTOVAZ is 53.26%. Including the financial instrument held by Alliance Rostec Auto b.v., and the put option taken on AVTOVAZ shares in 2017, 89.42% of the capital of AVTOVAZ is held by Alliance Rostec Auto b.v., and therefore in substance the indirect percentage ownership of AVTOVAZ at December 31, 2017 is 73.73%.

The non-controlling interests amounted to -€334 million at December 31, 2016, valued as the share of provisional identifiable net liabilities recognized in the entities acquired to which these securities entitle. The Group did not opt to state these non-controlling interests at fair value. Following finalization of the purchase price allocation, the non-controlling interests at December 31, 2016 now amount to -€305 million.

### Intragroup accounts between Renault and AVTOVAZ and the 2016 AVTOVAZ income statement

At December 31, 2015, as stated in note 13-A, "AVTOVAZ consolidated financial statements included under the equity method in the Renault consolidation", the loans made by Renault in 2012 and 2013 (book value €100 million each at December 31, 2015) were not covered by any specific guarantee.

Renault also had customer receivables amounting to €315 million at December 31, 2015 (€38 million of receivables in euros, and €277 million of receivables in roubles, corresponding to a total amount of 22,370 million roubles).

In view of AVTOVAZ's financial position, Renault decided to leave the funds corresponding to these loans and receivables at the disposal of AVTOVAZ for an indefinite period, and intended to use them in the AVTOVAZ group's capital restructuring to be organized from the second half-year of 2016. Settlement of these financial assets was therefore neither planned nor likely to occur, and as a result they were treated as part of the net investment in the AVTOVAZ group in application of IAS 28 "Investments in associates and joint-ventures", and reclassified as investments accounted for under the equity method.

The gross value of these loans and receivables reclassified as investments accounted for under the equity method was €519 million at December 31, 2016. Groupe Renault's share of the 2016 losses of AVTOVAZ was charged

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to the net investment including these loans and receivables until the date of full consolidation, up to the total amount of the net investment. As a result the value of the loans and receivables was reduced to nil.

At the date of full consolidation, in application of IFRS 3, these loans and receivables were reclassified as financial assets and stated at fair value. They will be capitalized for the same amount in a later phase. This revaluation led the Group to recognize a gain of €487 million in other operating income. At December 31, 2017, it was still intended to capitalize these loans and receivables via a reserved capital increase of AVTOVAZ.

No revenues or net income of the entities acquired were recognized in 2016 as they were non-significant between the date of acquisition of control and first full consolidation at December 31, 2016. The amount of revenues and net income from these entities in 2016, which would have been included in Renault's net income if AVTOVAZ had been fully consolidated from January 1, 2016, is detailed in note 13-A to the 2016 consolidated financial statements "Investment in AVTOVAZ".

### 4.2.6.3 Income statement and comprehensive income

#### NOTE 4

#### REVENUES

##### A - Breakdown of revenues

(€ million)	2017	2016
<b>Sales of goods – Automotive segments (including AVTOVAZ)</b>	<b>53,978</b>	<b>46,993</b>
Rental income on leased assets <sup>(1)</sup>	504	401
Sales of other services	1,775	1,601
<b>Sales of services – Automotive segments (including AVTOVAZ)</b>	<b>2,279</b>	<b>2,002</b>
<b>Sales of goods – Sales Financing segment</b>	<b>29</b>	<b>28</b>
Rental income on leased assets <sup>(1)</sup>	116	97
Interest income on sales financing receivables	1,478	1,371
Sales of other services <sup>(2)</sup>	890	752
<b>Sales of services – Sales Financing segment</b>	<b>2,484</b>	<b>2,220</b>
<b>TOTAL REVENUES</b>	<b>58,770</b>	<b>51,243</b>

(1) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset operating leases.

(2) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

##### B - 2016 revenues applying 2017 scope and methods

(€ million)	Automobile (including AVTOVAZ)	Sales Financing	Total
<b>2016 revenues</b>	<b>48,995</b>	<b>2,248</b>	<b>51,243</b>
Changes in scope of consolidation	1,794	-	1,794
<b>2016 revenues applying 2017 scope and methods</b>	<b>50,789</b>	<b>2,248</b>	<b>53,037</b>
<b>2017 revenues</b>	<b>56,257</b>	<b>2,513</b>	<b>58,770</b>

#### NOTE 5

#### OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

##### A - Personnel expenses

Personnel expenses amount to €6,502 million in 2017 (€5,747 million in 2016).

The average workforce during the year for consolidated entities is presented in section 2.4- Human Capital of the 2017 Registration document.

Details of pensions and other long-term employee benefit expenses are presented in note 19.

The income recorded in respect of the French "CICE" Tax Credit for Competitiveness and Employment amounts to €61 million in 2017 and €50 million in 2016. It is allocated between income statement items by purpose.

Share-based payments concern stock options, performance shares and other share-based payments granted to personnel, and amounted to a personnel expense of €77 million for 2017 (€65 million in 2016).

The plan valuation method is presented in note 18-H.

## B - Rental expenses

Rents amount to €252 million in 2017 (€224 million in 2016).

## C - Foreign exchange gains/losses

In 2017, the operating margin includes a net foreign exchange loss of €113 million, related to movements in the Argentinean peso, Russian rouble and Turkish lira (compared to a net foreign exchange gain of €62 million in 2016 related to the same currencies).

## NOTE 6

### OTHER OPERATING INCOME AND EXPENSES

(€ million)	2017*	2016
Restructuring and workforce adjustment costs	(56)	(283)
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	-	(23)
Income generated by acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto b.v. and the AVTOVAZ group	-	325
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales)	96	19
Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint-ventures)	(52)	(38)
Reversal of impairment related to operations in Iran	4	2
Other unusual items	(40)	(1)
<b>TOTAL</b>	<b>(48)</b>	<b>1</b>

\* Including the AVTOVAZ group: €(33) million of restructuring and workforce adjustments costs and €2 million of gains and losses on disposal of property, plant and equipment and intangible assets in 2017.

## A - Restructuring and workforce adjustments costs

Restructuring and workforce adjustment costs mainly concern the Americas, Eurasia and Europe Regions in 2017 and 2016.

In 2016 these costs included €98 million related to a French career work exemption plan introduced in 2013. Employees could sign up to this plan until December 31, 2016. In application of IAS 19 (revised), this is considered as an employee benefit and the cost must be covered by a provision established over the residual forecast working life of the employees concerned.

Restructuring and workforce adjustment costs in 2016 also included €106 million for the specific career work exemption arrangements included in the agreement signed on January 13, 2017 named *Renault France CAP 2020 – Contrat d'Activité pour une Performance durable* (activity contract for sustainable performance). The terms of these arrangements were negotiated with representative unions between September 2016 and early January 2017. Since they include a clause that restricts the system to employees having done 15 years of shift work in and outside Groupe Renault, the charge recognized in 2016 covered the total cost for employees who had earned the full entitlements at December 31, 2016 and a share of the cost for employees who could sign up for the system between January 1, 2017 and December 31, 2019.

## B - Income generated by acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto b.v. and the AVTOVAZ group

The acquisition of control over Alliance Rostec Auto b.v. and AVTOVAZ, which took place on December 28, 2016 (note 3-B), was treated as a sale of the shares held in Alliance Rostec Auto b.v. and AVTOVAZ at the date control was acquired, at their fair value (€113 million, corresponding to the price set for the December 2016 AVTOVAZ capital increase for ordinary shares and the AVTOVAZ stock market price at the transaction date for preference shares), in compliance with IFRS 3 "Business combinations".

The loans and receivables that are analyzed under IAS 28 as an extension of the investment had a book value of nil at the date of acquisition of control, and were stated at fair value in compliance with IFRS 3, resulting in a gain of €487 million. The accumulated translation adjustments, amounting to -€272 million at the date of acquisition of control, were transferred to other operating income and expenses.

The net impact of acquisition of control of the AVTOVAZ group recognized in other operating income and expenses in 2016 is thus a net gain of €325 million including €3 million of share purchase expenses.

### C - Impairment of property, plant and equipment, intangible assets and goodwill (excluding goodwill of associates and joint-ventures)

At December 31, 2017, impairment amounting to €52 million was recorded (€37 million in 2016). This impairment mainly results from impairment tests of vehicles (including components) (notes 10 and 11).

### D - Impairment related to operations in Iran

The Group's exposure to risks on business with Iran has been fully written off since 2013 and consists of securities, a shareholder loan and commercial receivables. This situation changed little in 2017. The gross amount in assets at December 31, 2017 was €784 million, including €680 million of customer receivables (€803 million and €699 million respectively at December 31, 2016).

The level of operations with Iran rose in 2017 compared to 2016, with sales of CKD amounting to €743 million at December 31, 2017 (€513 million at December 31, 2016). Sales are only recognized once the cash is received, and payments related to the totally written-off receivables dating from before mid-2013 remain very limited, as the €4 million reversal of impairment in 2017 indicates (€2 million at December 31, 2016).

In August 2017 a new agreement was signed between Renault, IDRO (an investment and industry renewal fund in Iran), and PARTO NEGIN NASEH Co. (Negin Holding), the current importer of Renault products to Iran, to form a future joint-venture in which Renault will be the majority shareholder. This followed a strategic agreement signed in September 2016.

Effective finalization of this operation remains subject to a number of conditions precedent, including regulatory approvals, creation of the new company and preparation of the industrial assets for the project. The company was not yet in existence at December 31, 2017 as the conditions had not been fulfilled.

As the market is gradually reopening, in view of the future execution of this agreement signed with the Iranian State in August 2017 and forthcoming discussions with local partners, the possibility of reconsolidating Renault Pars is still under consideration.

### E - Other unusual items

Other unusual items mainly comprise the costs on vacant leased premises in Korea, which Renault was obliged to leave, estimated at €23 million until the end of the lease contracts.

## NOTE 7

### FINANCIAL INCOME (EXPENSES)

(€ million)	2017*	2016
Cost of gross financial indebtedness	(441)	(385)
Income on cash and financial assets	72	101
<b>COST OF NET FINANCIAL INDEBTEDNESS</b>	<b>(369)</b>	<b>(284)</b>
Change in fair value of redeemable shares	(120)	(3)
Foreign exchange gains and losses on financial operations	20	38
Net interest expenses on the defined-benefit liabilities and assets corresponding to pension and other long-term employee benefit obligations	(25)	(32)
Other	(10)	(42)
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>(135)</b>	<b>(39)</b>
<b>FINANCIAL INCOME (EXPENSES)</b>	<b>(504)</b>	<b>(323)</b>

\* Including for the AVTOVAZ group: €(119) million in the cost of net financial indebtedness and €7 million in other financial income and expenses in 2017.

The net liquidity position (net financial indebtedness) of the Automotive segments is presented in the information by operating segment (see section 4.2.6.1 – A4).

## NOTE 8

### CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

Group Renault also applies other optional tax consolidation systems in Germany, Italy, Spain, Romania and the UK.

### A - Current and deferred tax charge

(€ million)	2017*	2016
Current tax charge	(634)	(728)
Deferred tax income (charge)	(257)	(327)
<b>CURRENT AND DEFERRED TAXES</b>	<b>(891)</b>	<b>(1,055)</b>

\* Including for the AVTOVAZ group: €(5) million in current tax charge and €3 million in deferred taxes in 2017.

The current tax charge for entities included in the French tax consolidation group amounts to €148 million in 2017 (€182 million in 2016).

The current tax charge for foreign entities including AVTOVAZ amounts to €486 million in 2017 (€546 million in 2016).

## B - Breakdown of the tax charge

(€ million)	2017 <sup>(1)</sup>	2016
<b>Income before taxes and share in net income of associates and joint-ventures</b>	<b>3,302</b>	<b>2,960</b>
Statutory income tax rate in France, excluding the exceptional contribution	34.43%	34.43%
<b>Theoretical tax income (charge)</b>	<b>(1,137)</b>	<b>(1,019)</b>
Effect of differences between local rates and the French rate <sup>(2)</sup>	201	161
Tax credits	68	73
Distribution taxes	(84)	(78)
Change in unrecognized deferred tax assets <sup>(3)</sup>	(72)	(310)
Other impacts <sup>(4)</sup>	232	225
<b>Current and deferred tax income (charge) excluding taxes based on intermediate net results</b>	<b>(792)</b>	<b>(948)</b>
Taxes based on intermediate net results <sup>(5)</sup>	(99)	(107)
<b>Current and deferred tax income (charge)</b>	<b>(891)</b>	<b>(1,055)</b>

(1) Including for the AVTOVAZ group: €(89) million of income before taxes and share in net income of associates and joint-ventures and €(2) million in current and deferred tax charges in 2017.

(2) The main contributors to the tax rate differential are Korea, Spain, Morocco, Romania, Switzerland, Turkey and, since 2017, AVTOVAZ.

(3) The main contributors to the change in unrecognized deferred tax assets are AVTOVAZ, Argentina, France and India in 2017 (Brazil, France and India in 2016).

(4) Other impacts mainly include the effect of permanent differences, reduced-rate taxations, tax reassessments, prior year adjustments and changes in future year tax rates adopted before the year-end. In 2017, they also include the exceptional contribution levied on 2017 net income in France. In 2016, they also include the effect of permanent differences concerning impacts recorded in other income and expenses following the full consolidation of AVTOVAZ (see note 6-B).

(5) The Group's taxes based on intermediate net results are primarily the CVAE in France and the IRAP in Italy.

### French tax consolidation group

At December 31, 2017, the effective tax rate in the French tax consolidation group is 31.5% (41.6% in 2016).

The Group partially recognizes the deferred tax assets of the French tax consolidation group that correspond to tax loss carryforwards, in view of profitability prospects.

The amount of net deferred tax assets recognized in the consolidated financial position totalled €202 million at December 31, 2017, compared to €457 million at the start of the year, comprising -€37 million recognized in income (€200 million at December 31, 2016) and €239 million included in other components of comprehensive income (€257 million at December 31, 2016), due to the respective origins of the taxes concerned.

At December 31, 2017, the amount of deferred tax assets recognized decreased by -€255 million, incorporating the effect of the gradual reduction in the French income tax rate from 34.43% to 25.83% between 2019 and 2022, in application of the French finance law for 2018. The corresponding charge was recognized in income (-€236 million) and other components of comprehensive income (-€19 million). The impact

of the gradual French income tax rate decrease between 2019 and 2022 is included in other impacts in the breakdown of the tax charge for 2017 and 2016.

The amount of deferred tax assets recognized in 2016 was calculated at the tax rate of 34.43% applicable at December 31, 2016 and totaled €44 million, comprising -€301 million recognized in income and €345 million included in other components of comprehensive income. The impact of the French income tax rate reduction from 34.43% to 28.92% starting in 2020, introduced by France's finance law for 2017, was included in "Other impacts" in the breakdown of the tax charge for 2016.

### Entities not in the French tax consolidation group

The effective tax rate across all foreign entities (excluding AVTOVAZ) is 23.2% at December 31, 2017 (30% for 2016). The effective tax rate for AVTOVAZ is -2.1% as few deferred taxes were recognized in the income statement in 2017. The decrease in the effective tax rate is mainly explained by the higher share of taxable profits in low-tax rate countries, and the use of tax losses.

**C - Breakdown of net deferred taxes****C1 Change in deferred tax assets and liabilities**

(€ million)	2017	2016*
Deferred tax assets	1,217	881
Deferred tax liabilities	(124)	(122)
<b>Net deferred tax assets (liabilities) at January 1</b>	<b>1,093</b>	<b>759</b>
Deferred tax income (charge) included in net income	(257)	(327)
Deferred tax income (charge) included in other comprehensive income	(41)	401
Translation adjustments	(7)	(2)
Change in scope of consolidation and other	3	262
<b>Net deferred tax assets (liabilities) at December 31</b>	<b>791</b>	<b>1,093</b>
<i>Of which deferred tax assets</i>	<i>971</i>	<i>1,217</i>
<i>Of which deferred tax liabilities</i>	<i>(180)</i>	<i>(124)</i>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

**C2 Breakdown of net deferred tax assets by nature**

(€ million)	2017	2016 <sup>(1)</sup>
<b>Deferred taxes on:</b>		
Investments in associates and joint-ventures excluding AVTOVAZ <sup>(2)</sup>	(161)	(179)
Fixed assets excluding AVTOVAZ	(1,745)	(1,597)
Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ	814	1,018
Loss carryforwards excluding AVTOVAZ <sup>(3)</sup>	4,353	4,403
Other items excluding AVTOVAZ	645	571
<b>NET DEFERRED TAX ASSETS (LIABILITIES) EXCLUDING AVTOVAZ</b>	<b>3,906</b>	<b>4,216</b>
Fixed assets of AVTOVAZ	1	23
Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ	38	18
Loss carryforwards of AVTOVAZ	334	342
Non-interest bearing financial liabilities in roubles of AVTOVAZ	(60)	(66)
Other items of AVTOVAZ	21	23
<b>NET DEFERRED TAX ASSETS (LIABILITIES) OF AVTOVAZ</b>	<b>334</b>	<b>340</b>
Unrecognized deferred tax assets related to tax losses (note 8-C3)	(3,280)	(3,240)
Other unrecognized deferred tax assets	(169)	(223)
<b>NET DEFERRED TAX ASSETS (LIABILITIES) REPORTED</b>	<b>791</b>	<b>1,093</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) Including tax on future dividend distributions.

(3) Including €3,739 million for the French tax consolidation entities and €614 million for other entities at December 31, 2017 (€3,745 million and €658 million respectively at December 31, 2016).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group amounted to €2,637 million (€2,585 million at December 31, 2016). They are tax losses that can be carried forward indefinitely to set against future taxable income up to a limit of 50% of that income. €309 million of these unrecognized assets were generated by items booked through shareholders' equity (effects of the partial hedge of the investment in Nissan), and €2,328 million were generated by items affecting the income statement (respectively €331 million and €2,254 million at December 31, 2016).

For entities not in the French tax consolidation group, unrecognized deferred tax assets totalled €813 million at December 31, 2017 (€89 million for AVTOVAZ and €724 million for the Group excluding AVTOVAZ) essentially tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India. They initially amounted to €1,141 million at December 31, 2016 (€342 million generated by AVTOVAZ, and €799 million generated by the Group excluding AVTOVAZ). After recognition in 2017 of adjustments following the final allocation of the purchase price for the AVTOVAZ group (note 3-B) and recognition of deferred tax assets on tax loss carryforwards amounting to €263 million, unrecognized deferred tax assets now amount to €878 million, including €79 million relating to AVTOVAZ.



### C3 Breakdown of tax losses by expiry date

Unrecognized loss carryforwards represent a potential tax saving of €3,280 million at December 31, 2017.

(€ million)	December 31, 2017			December 31, 2016 <sup>(1)</sup>		
	Recognized	Unrecognized	Total	Recognized	Unrecognized	Total
Tax losses that can be carried forward indefinitely <sup>(2)</sup>	1,160	3,079	4,239	1,237	3,090	4,327
Tax losses expiring in more than 5 years	2	90	92	4	54	58
Tax losses expiring in between 1 and 5 years	-	22	22	1	17	18
Tax losses expiring within 1 year	-	-	-	-	-	-
<b>TOTAL TAX LOSSES EXCLUDING AVTOVAZ</b>	<b>1,162</b>	<b>3,191</b>	<b>4,353</b>	<b>1,242</b>	<b>3,161</b>	<b>4,403</b>
Tax losses of AVTOVAZ that can be carried forward indefinitely <sup>(3)</sup>	245	89	334	263	79	342
<b>TOTAL TAX LOSSES OF AVTOVAZ</b>	<b>245</b>	<b>89</b>	<b>334</b>	<b>263</b>	<b>79</b>	<b>342</b>
<b>TOTAL TAX LOSSES OF THE GROUP</b>	<b>1,407</b>	<b>3,280</b>	<b>4,687</b>	<b>1,505</b>	<b>3,240</b>	<b>4,745</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) Including recognized and unrecognized net deferred tax assets corresponding to tax loss carryforwards of entities included in the French tax consolidation group, which amount to €1,102 million and €2,637 million respectively at December 31, 2017 and €1,160 million and €2,585 million respectively at December 31, 2016 (note 8-C2).

(3) Following adoption of Russian federal law 401-FZ of November 30, 2016, tax losses can be carried forward indefinitely.

## NOTE 9

### BASIC AND DILUTED EARNINGS PER SHARE

(In thousands of shares)	2017	2016
Shares in circulation	295,722	295,722
Treasury shares	(5,254)	(4,368)
Shares held by Nissan x Renault's share in Nissan	(19,388)	(19,386)
<b>Number of shares used to calculate basic earnings per share</b>	<b>271,080</b>	<b>271,968</b>

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan.

(In thousands of shares)	2017	2016
Number of shares used to calculate basic earnings per share	271,080	271,968
Dilutive effect of stock options, performance share rights and other share-based payments	2,665	2,363
<b>Number of shares used to calculate diluted earnings per share</b>	<b>273,745</b>	<b>274,331</b>

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock options and rights to

performance shares awarded under the relevant plans, and rights to shares as part of the Chairman and CEO's performance-related remuneration, that have a potentially dilutive effect and fulfill the performance conditions at the year-end when issuance is conditional (note 18-G).

## 4.2.6.4 Operating assets and liabilities, shareholders' equity

## NOTE 10

## INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

## A - Intangible assets and goodwill

## A1 Changes in intangible assets and goodwill

Changes in 2017 in intangible assets were as follows:

(€ million)	December 31, 2016 <sup>(1)</sup>	Acquisitions/ (amortization and impairment)	(Disposals)/ reversals	Translation adjustment	Change in scope of consolidation and other <sup>(2)</sup>	December 31, 2017
Capitalized development expenses <sup>(2)</sup>	8,618	1,209	(1,272)	(8)	16	8,563
Goodwill	1,191	-	-	(77)	-	1,114
Other intangible assets	989	101	(34)	(21)	9	1,044
<b>Intangible assets, gross</b>	<b>10,798</b>	<b>1,310</b>	<b>(1,306)</b>	<b>(106)</b>	<b>25</b>	<b>10,721</b>
Capitalized development expenses	(5,257)	(847)	1,272	2	(16)	(4,846)
Other intangible assets	(552)	(114)	30	5	(4)	(635)
<b>Amortization and impairment</b>	<b>(5,809)</b>	<b>(961)</b>	<b>1,302</b>	<b>7</b>	<b>(20)</b>	<b>(5,481)</b>
Capitalized development expenses	3,361	362	-	(6)	-	3,717
Goodwill	1,191	-	-	(77)	-	1,114
Other intangible assets	437	(13)	(4)	(16)	5	409
<b>INTANGIBLE ASSETS, NET</b>	<b>4,989</b>	<b>349</b>	<b>(4)</b>	<b>(99)</b>	<b>5</b>	<b>5,240</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) Including impairment relating to capitalized development expenses and other intangible assets: €31 million, see note 6-C.

Most of the goodwill is located in Europe and in Eurasia.

Acquisitions of intangible assets in 2017 comprise €1,209 million of self-produced assets and €101 million of purchased assets (respectively €903 million and €155 million in 2016).

In 2017, amortization and impairment of intangible assets include €31 million of impairment concerning vehicles (including components), compared to €37 million of impairment in 2016 (note 6-C).

Changes in 2016 in intangible assets are as follows:

(€ million)	Gross value	Amortization and impairment	Net value
<b>Value at December 31, 2015</b>	<b>9,527</b>	<b>(5,957)</b>	<b>3,570</b>
Acquisitions (note 26-C)/(amortization)	1,058	(877)	181
(Disposals)/reversals	(1,038)	1,032	(6)
Translation adjustment	(22)	(7)	(29)
Change in scope of consolidation and other <sup>(1)(2)</sup>	1,273	-	1,273
<b>Value at December 31, 2016<sup>(2)</sup></b>	<b>10,798</b>	<b>(5,809)</b>	<b>4,989</b>

(1) The impact of full consolidation of the AVTOVAZ group and the two Renault Sport Racing entities in 2016 is reflected in "change in scope of consolidation".

(2) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

## A2 Research and development expenses included in income

(€ million)	2017*	2016
Research and development expenses	(2,983)	(2,530)
Capitalized development expenses	1,209	903
Amortization of capitalized development expenses	(816)	(743)
<b>TOTAL INCLUDED IN INCOME</b>	<b>(2,590)</b>	<b>(2,370)</b>

\* Including for the AVTOVAZ group: €16 million of capitalized development expenses and €(26) million of research and development expenses reported in the income statement in 2017.

Research and development expenses are reported net of research tax credits for the vehicle development activity.

## B - Property, plant and equipment

Changes in 2017 to property, plant and equipment were as follows:

(€ million)	December 31, 2016	Acquisitions/ (depreciation and impairment)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other	December 31, 2017
Land	601	12	(46)	(8)	10	569
Buildings	6,539	232	(75)	(109)	115	6,702
Specific tools	16,170	793	(388)	(209)	65	16,431
Machinery and other tools	11,404	948	(298)	(198)	378	12,234
Fixed assets leased to customers	2,778	817	(259)	(20)	(1)	3,315
Other tangibles	846	73	(52)	(14)	7	860
Construction in progress <sup>(1)</sup>	1,395	362	(15)	(27)	(483)	1,232
<b>Gross value</b>	<b>39,733</b>	<b>3,237</b>	<b>(1,133)</b>	<b>(585)</b>	<b>91</b>	<b>41,343</b>
Land						
Buildings	(3,913)	(250)	75	35	(13)	(4,066)
Specific tools	(13,073)	(968)	385	126	(5)	(13,535)
Machinery and other tools	(8,449)	(618)	275	98	(62)	(8,756)
Fixed assets leased to customers	(657)	(178)	64	7	(2)	(766)
Other tangibles	(653)	(47)	49	9	4	(638)
Construction in progress	-	-	-	-	-	-
<b>Depreciation and impairment<sup>(2)</sup></b>	<b>(26,745)</b>	<b>(2,061)</b>	<b>848</b>	<b>275</b>	<b>(78)</b>	<b>(27,761)</b>
Land	601	12	(46)	(8)	10	569
Buildings	2,626	(18)	-	(74)	102	2,636
Specific tools	3,097	(175)	(3)	(83)	60	2,896
Machinery and other tools	2,955	330	(23)	(100)	316	3,478
Fixed assets leased to customers	2,121	639	(195)	(13)	(3)	2,549
Other tangible	193	26	(3)	(5)	11	222
Construction in progress <sup>(1)</sup>	1,395	362	(15)	(27)	(483)	1,232
<b>Net value</b>	<b>12,988</b>	<b>1,176</b>	<b>(285)</b>	<b>(310)</b>	<b>13</b>	<b>13,582</b>

(1) Items classified as "construction in progress" are transferred to completed asset categories via the "acquisitions/(depreciation and impairment)" column.

(2) Depreciation and impairment in 2017 include impairment of €25 million, mainly concerning vehicles (including components) (see note 6-C).

Changes in property, plant and equipment in 2016 were as follows:

(€ million)	Gross value	Depreciation and impairment	Net value
<b>Value at December 31, 2015</b>	<b>36,552</b>	<b>(25,381)</b>	<b>11,171</b>
Acquisitions/(depreciation and impairment)	3,273	(1,963)	1,310
(Disposals)/reversals	(1,229)	844	(385)
Translation adjustments	417	(234)	183
Change in scope of consolidation and other*	720	(11)	709
<b>Value at December 31, 2016</b>	<b>39,733</b>	<b>(26,745)</b>	<b>12,988</b>

\* The impact of full consolidation of the AVTOVAZ group and the two Renault Sport Racing entities in 2016 is reflected in "change in scope of consolidation".

## NOTE 11

## IMPAIRMENT TESTS ON FIXED ASSETS (OTHER THAN LEASED ASSETS)

The Group carried out impairment tests on its fixed assets under the approach described in the section on accounting policies (note 2-M).

### A - Impairment tests on vehicle-specific assets (including components)

Following impairment tests of specific assets dedicated to vehicles (including components), impairment of €56 million was booked during 2017 (€35 million at December 31, 2016). This impairment concerns intangible assets (€31 million) and property, plant and equipment (€25 million). In 2016, it only concerned intangible assets and was primarily allocated to capitalized development expenses.

The recoverable value used for the purpose of impairment tests for the Automotive (excluding AVTOVAZ) segment is the value in use, determined under the discounted future cash flow method on the basis of the following assumptions:

	2017	2016
Business plan duration	6 years	3 years
Forecast sales volumes over the projected horizon (units)	4,407,000	3,830,000
Growth rate to infinity	1.9%	1.9%
After-tax discount rate	8.6%	8.7%

In 2017 as in 2016, no impairment was recognized on assets included in the Automotive (excluding AVTOVAZ) segment as a result of the impairment test.

The assumptions used for impairment testing at December 31, 2017 are taken from the 6 year strategic plan, Drive the Future 2017-2022, which was announced in October 2017. The assumptions used for impairment testing at December 31, 2016 were the best estimates available at that date, since data from the new medium-term plan for 2017-2022 was still being validated.

A reasonably possible change in the main assumptions used should not result in a recoverable value that is lower than the book value of the assets tested.

### C - Impairment tests on the AVTOVAZ cash-generating unit and the Lada brand

#### Impairment tests on the AVTOVAZ cash-generating unit

The market capitalization of AVTOVAZ, which amounts to €750 million at December 31, 2017 (€739 million at December 31, 2016), is higher than the book value of AVTOVAZ net assets (including goodwill) at that date.

### B - Impairment tests on other cash-generating units of the Automotive (excluding AVTOVAZ) segment

In 2017, no cash-generating unit representing an economic entity (plant or subsidiary) was subjected to an impairment test, as there were no indications of impairment in the various combined economic units that make up the Group.

An impairment test was carried out on the Automotive (excluding AVTOVAZ) segment, as is the case every year.

The value in use of AVTOVAZ was not determined, since the fair value is higher than the value of the assets tested.

#### Impairment tests on the Lada brand

For the purpose of allocation of the purchase price of AVTOVAZ (see note 3-B), the Lada brand was recognized at its fair value at the date control was acquired, i.e. 9,248 million Russian roubles (€144 million) at December 31, 2016. Since this brand is an intangible asset with an indefinite useful life, an impairment test was carried out at December 31, 2017 based on a discount rate of 16.3% and a growth rate to infinity of 4%. No impairment was booked in 2017, as the recoverable value was higher than the book value.

A 2% increase in the discount rate would lead to recognition of impairment of 698 million Russian roubles (€11 million before deferred taxes and €9 million after deferred taxes).

Using a 0% growth rate to infinity would lead to recognition of impairment of 319 million Russian roubles (€5 million before deferred taxes and €4 million after deferred taxes).

NOTE 12

INVESTMENT IN NISSAN

A - Nissan consolidation method

Renault and the Japanese automaker Nissan have chosen to develop a unique type of alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organized so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault is not assured of holding the majority of voting rights in Nissan's Shareholders' Annual General Meeting;
- the terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; Renault cannot unilaterally appoint the Chairman of Nissan. At December 31, 2017, Renault occupied two of the nine seats on Nissan's Board of Directors (unchanged since December 31, 2016);
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is a joint entity formed by the Alliance, with decision-making power restricted to certain strategic issues concerning either group. As it coordinates common activities at the worldwide level, it can make decisions that respect each partner's independence. This decision-making power was conferred on Renault-Nissan b.v. to generate synergies and bring both automakers worldwide economies of scale. This entity does not enable Renault to direct Nissan's financial and operating strategies, which are governed by Nissan's Board of Directors and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault-Nissan b.v. since it was formed have

remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan;

- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets;
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence over Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

B - Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan financial statements included under the equity method in Renault's financial statements are Nissan's consolidated financial statements published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo stock exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period January to December are consolidated in Renault's annual financial statements).

Nissan held 0.7% of its own treasury shares at December 31, 2017. Consequently, Renault's percentage interest in Nissan is 43.7% and Renault holds 43.4% of voting rights in Nissan (unchanged since December 31, 2016).

C - Changes in the investment in Nissan as shown in Renault's statement of financial position

(€ million)	Share in net assets				
	Before neutralization	Neutralization proportional to Nissan's investment in Renault <sup>(1)</sup>	Net	Goodwill	Total
<b>At December 31, 2016</b>	<b>18,528</b>	<b>(974)</b>	<b>17,554</b>	<b>750</b>	<b>18,304</b>
2017 net income <sup>(2)</sup>	2,791		2,791		2,791
Dividend distributed	(710)		(710)		(710)
Translation adjustment	(1,403)		(1,403)	(64)	(1,467)
Other changes <sup>(3)</sup>	217		217		217
<b>At December 31, 2017</b>	<b>19,423</b>	<b>(974)</b>	<b>18,449</b>	<b>686</b>	<b>19,135</b>

(1) Nissan has held 44,358 thousand Renault shares since 2002, corresponding to an investment of around 15%.

(2) Including a positive €284 million impact of the disposal of Calsonic Kansei in the first quarter of 2017, and a positive €737 million impact of the US tax reform in the fourth quarter of 2017, giving a total impact of €1,021 million in 2017.

(3) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.



**D - Changes in Nissan equity restated for the purposes of the Renault consolidation**

(¥ billion)	December 31, 2016	2017 net income	Dividends	Translation adjustment	Other changes <sup>(1)</sup>	December 31, 2017
<b>Shareholders' equity – parent company shareholders' share under Japanese GAAP</b>	<b>4,479</b>	<b>827</b>	<b>(198)</b>	<b>130</b>	<b>74</b>	<b>5,312</b>
<b>Restatements for compliance with IFRS:</b>						
Provision for pension and other long-term employee benefit obligations	26	(19)	-	1	(14)	(6)
Capitalization of development expenses	668	(5)	-	-	-	663
Deferred taxes and other restatements	(146)	44	-	14	(14)	(102)
<b>Net assets restated for compliance with IFRS</b>	<b>5,027</b>	<b>847</b>	<b>(198)</b>	<b>145</b>	<b>46</b>	<b>5,867</b>
Restatements for Renault requirements <sup>(2)</sup>	204	(35)	(14)	(41)	19	133
<b>Net assets restated for Renault requirements</b>	<b>5,231</b>	<b>812</b>	<b>(212)</b>	<b>104</b>	<b>65</b>	<b>6,000</b>
<b>(€ million)</b>						
<b>Net assets restated for Renault requirements</b>	<b>42,388</b>	<b>6,387</b>	<b>(1,625)</b>	<b>(3,211)</b>	<b>503</b>	<b>44,442</b>
Renault's percentage interest	43.7%					43.7%
Renault's share (before neutralization effect described below)	18,528	2,791	(710)	(1,403)	217	19,423
Neutralization of Nissan's investment in Renault <sup>(3)</sup>	(974)					(974)
<b>RENAULT'S SHARE IN THE NET ASSETS OF NISSAN</b>	<b>17,554</b>	<b>2,791</b>	<b>(710)</b>	<b>(1,403)</b>	<b>217</b>	<b>18,449</b>

(1) Other changes include the effect of Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instruments revaluation reserve and the change in Nissan treasury shares.

(2) Restatements for Groupe Renault requirements essentially correspond to revaluation of fixed assets by Renault for the acquisitions undertaken between 1999 and 2002, and elimination of Nissan's investment in Renault accounted for under the equity method.

(3) Nissan has held 44,358 thousand Renault shares since 2002, an investment of about 15%.

**E - Nissan net income under Japanese GAAP**

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2017 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2016 financial year and the first three quarters of its 2017 financial year.

	January to March 2017		April to June 2017		July to September 2017		October to December 2017		January to December 2017	
	Fourth quarter of Nissan's 2016 financial year		First quarter of Nissan's 2017 financial year		Second quarter of Nissan's 2017 financial year		Third quarter of Nissan's 2017 financial year		Reference period for Renault's 2017 consolidated financial statements	
	(¥ billion)	(€ million)*	(¥ billion)	(€ million)*	(¥ billion)	(€ million)*	(¥ billion)	(€ million)*	(¥ billion)	(€ million)*
Net income – parent company shareholders' share	249	2,060	135	1,103	142	1,086	301	2,269	827	6,518

\* Converted at the average exchange rate for each quarter.

## F - Nissan financial information under IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the periods January 1 to December 31 of each year. The restatements do not include the fair value adjustments of assets and liabilities applied by Renault at the time of the acquisitions in 1999 and 2002, or the elimination of Nissan's investment in Renault accounted for under the equity method.

	2017		2016	
	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(2)</sup>
Revenues	11,869	93,711	11,383	94,611
<b>Net income</b>				
Parent company shareholders' share	813	6,415	507	4,214
Non-controlling interests' share	22	173	31	259
<b>Other components of comprehensive income</b>				
Parent company shareholders' share	198	1,567	(444)	(3,694)
Non-controlling interests' share	7	57	(18)	(151)
<b>Comprehensive income</b>				
Parent company shareholders' share	1,011	7,982	63	520
Non-controlling interests' share	29	230	13	108
Dividends received from Nissan	93	710	86	728

	December 31, 2017		December 31, 2016	
	(¥ billion)	(€ million) <sup>(1)</sup>	(¥ billion)	(€ million) <sup>(2)</sup>
Non-current assets	7,978	59,095	7,596	61,556
Current assets	12,314	91,206	11,493	93,136
<b>TOTAL ASSETS</b>	<b>20,292</b>	<b>150,301</b>	<b>19,089</b>	<b>154,692</b>
Shareholders' equity				
Parent company shareholders' share	5,868	43,462	5,028	40,746
Non-controlling interests' share	288	2,133	425	3,444
Non-current liabilities	6,951	51,484	6,553	53,104
Current liabilities	7,185	53,222	7,083	57,398
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,292</b>	<b>150,301</b>	<b>19,089</b>	<b>154,692</b>

(1) Converted at the average exchange rate for 2017 i.e. 126.7 JPY = 1 EUR for income statement items, and at the December 31, 2017 rate i.e. 135.0 JPY = 1 EUR for financial position items.

(2) Converted at the average exchange rate for 2016 i.e. 120.3 JPY = 1 EUR for income statement items, and at the December 31, 2016 rate i.e. 123.4 JPY = 1 EUR for financial position items.

## G - Hedging of the investment in Nissan

The Group has partially hedged the yen/euro exchange risk on its investment in Nissan since 1999.

At December 31, 2017, the corresponding hedging operations totalled ¥181 billion (€1,341 million), comprising ¥24 billion (€178 million) of private placements on the EMTN market and ¥157 billion (€1,163 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2017, these operations generated favourable foreign exchange differences of €113 million (unfavorable difference of €70 million in 2016). The net favourable effect of €96 million after deferred taxes is recorded in the Group's translation adjustment reserve (note 18-E).

## H - Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2017 of ¥1,123.5 per share, Renault's investment in Nissan is valued at €15,244 million (€17,450 million at December 31, 2016 based on the price of ¥1,175.5 per share).

## I - Impairment test on the investment in Nissan

At December 31, 2017, the stock market value of the investment was 20.3% lower than the value of Nissan in Renault's statement of financial position (4.7% lower at December 31, 2016).

In application of the approach presented in the note on accounting policies (note 2-M), an impairment test was carried out at December 31, 2017. An after-tax discount rate of 8.1% and a growth rate to infinity (including the effect of inflation) of 4.2% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test results did not lead to recognition of any impairment on the investment in Nissan at December 31, 2017.

A reasonably possible change in the main assumptions used should not result in a recoverable value that is lower than the book value of the investment in Nissan.

## J - Operations between Groupe Renault and the Nissan group

### J1 Operations between Groupe Renault (excluding AVTOVAZ) and the Nissan group

Renault and Nissan follow joint strategies for vehicle and component development, purchasing, production and distribution resources. Since April 1, 2014 the two companies have also been engaged in a convergence project for four key functions: Engineering, Manufacturing and Supply Chain Management, Purchasing and Human Resources. This cooperation is reflected in synergies that reduce costs, particularly in the support functions and revenues with Nissan.

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- Industrial production: crossover production of vehicles and components in the Alliance's manufacturing plants:
  - sales by Groupe Renault to the Nissan group in 2017 totalled approximately €4,961 million (€4,105 million in 2016), comprising around €3,362 million for vehicles (€2,465 million in 2016), €1,501 million for components (€1,580 million in 2016), and €98 million for services (€60 million in 2016). The increase is mainly driven by vehicles produced at Renault Samsung Motors for Nissan North America, and the Nissan Micra made in Flins, France,
  - purchases by the Groupe Renault from the Nissan group in 2017 totalled approximately €2,400 million (€2,115 million in 2016), comprising around €1,240 million of vehicles (€1,170 million in 2016), €1,028 million of components (€795 million in 2016), and €132 million of services (€150 million in 2016),
  - the balance of Groupe Renault receivables from Nissan is €853 million at December 31, 2017 (€430 million at December 31, 2016) and the balance of Groupe Renault liabilities to the Nissan group is €795 million at December 31, 2017 (€647 million at December 31, 2016);
- Finance: in addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instrument trading

to hedge foreign exchange and interest rates. Renault Finance undertook approximately €20.9 billion of forex transactions on the foreign exchange market for Nissan in 2017 (€19.7 billion in 2016). Operations undertaken with Nissan on foreign exchange, interest rate and commodity derivatives are recorded at market price and included in the positions managed by Renault Finance. In the balance sheet, the derivative assets on the Nissan group amount to €63 million at December 31, 2017 (€70 million at December 31, 2016) and derivative liabilities amount to €41 million at December 31, 2017 (€74 million at December 31, 2016).

Renault's Sales Financing segment helps to attract customers and build loyalty to Nissan brands through a range of financing products and services incorporated into the sales policy, principally in Europe. In 2017, RCI Banque recorded €137 million of service revenues in the form of commission and interest received from Nissan (€134 million at December 31, 2016). The balance of Sales Financing receivables from the Nissan group is €107 million at December 31, 2017 (€78 million at December 31, 2016) and the balance of liabilities is €191 million at December 31, 2017 (€210 million at December 31, 2016).

The Alliance partners hold investments in associates and joint-ventures that manage their cooperation. Details of these entities' activity and location, and Groupe Renault's influence over them, are given in note 13.

### J2 Operations between AVTOVAZ and the Nissan group

In 2017, total sales by AVTOVAZ to Nissan and purchases by AVTOVAZ from Nissan amounted to an estimated €233 million and €30 million respectively.

In the AVTOVAZ financial position at December 31, 2017, the balances of transactions between AVTOVAZ and the Nissan group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €38 million (€50 million at December 31, 2016);
- operating receivables and payables amounting respectively to €25 million and €69 million (€68 million and €118 million at December 31, 2016).

## NOTE 13

### INVESTMENTS IN OTHER ASSOCIATES AND JOINT-VENTURES

Details of investments in other associates and joint-ventures are as follows:

- consolidated income statement

(€ million)	2017	2016
<b>Share in net income (loss) of other associates and joint-ventures</b>	<b>8</b>	<b>(103)</b>
AVTOVAZ*	-	(89)
Other associates accounted for under the equity method	10	17
Joint-ventures accounted for under the equity method	(2)	(31)

\* AVTOVAZ has been fully consolidated since December 31, 2016 following acquisition of control on December 28, 2016 (4.2.6.1 and note 3-B).



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- consolidated statement of financial position

(€ million)	December 31, 2017	December 31, 2016
<b>Investments in other associates and joint-ventures</b>	<b>676</b>	<b>722</b>
Associates accounted for under the equity method	380	398
Joint-ventures accounted for under the equity method	296	324

## A - Investment in AVTOVAZ

As a result of AVTOVAZ's 26.14 billion rouble cash capital increase in late December 2016, corresponding to 2,904,524,987 new ordinary shares, of which 14.85 billion roubles (1,650,000 shares) were subscribed by Alliance Rostec Auto b.v., and Renault's subscription to the cash capital increase

by Alliance Rostec Auto b.v. on December 28, 2016, Renault acquired control over AVTOVAZ and Alliance Rostec Auto b.v. on December 28, 2016. Consequently Alliance Rostec Auto b.v. and AVTOVAZ are fully consolidated from December 31, 2016 and were accounted for by the equity method until that date.

The AVTOVAZ group's published financial information under IFRS for the year ended December 31, 2016 (excluding items included in the consolidated financial position) is summarized below:

	2016	
	(millions of roubles)	(€ million)*
Revenues	184,931	2,492
<b>Operating margin</b>	<b>(16,233)</b>	<b>(219)</b>
Other operating income and expenses	(24,377)	(328)
<b>OPERATING INCOME (LOSS)</b>	<b>(40,610)</b>	<b>(547)</b>
<b>Net income</b>	<b>(44,779)</b>	<b>(603)</b>
Parent company shareholders' share	(45,008)	(606)
Non-controlling interests' share	229	3
<b>Other components of comprehensive income</b>	<b>(214)</b>	<b>(3)</b>
Parent company shareholders' share	(172)	(3)
Non-controlling interests' share	(42)	-
<b>COMPREHENSIVE INCOME</b>	<b>(44,993)</b>	<b>(606)</b>
Parent company shareholders' share	(45,180)	(609)
Non-controlling interests' share	187	3
Dividends received from AVTOVAZ	-	-

	2016	
	(millions of roubles)	(€ million)*
Cash flows from operating activities	(11,259)	(152)
Cash flows from investing activities	(13,553)	(183)
<i>Of which: acquisitions/disposals of property, plant and equipment and intangible assets</i>	<i>(13,708)</i>	<i>(185)</i>
Cash flows from investing activities and translation adjustment	37,435	504
<i>Of which: cash flows from the December 2016 capital increase</i>	<i>26,141</i>	<i>352</i>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>12,623</b>	<b>170</b>

\* Converted at the average exchange rate for January to December 2016, i.e. 74.2236 RUB = 1 EUR for income statement and cash flow items. Balance sheet figures at December 31, 2016 are included in the information by operating segment in section 4.2.6.1-A. The AVTOVAZ income statement used for its inclusion by the equity method in Groupe Renault's financial statements is converted by applying the average exchange rate for each quarter to the financial statements for the corresponding quarter.

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**B - Associates and joint-ventures accounted for under the equity method, other than Nissan and AVTOVAZ****B1 Information on other associates and joint-ventures accounted for under the equity method**

Name	Country of location	Main activity	Percentage ownership and voting rights held by the Group	
			December 31, 2017	December 31, 2016
<b>Entities under significant influence</b>				
<b>Automotive (excluding AVTOVAZ)</b>				
Boone Comenor	France	Metal trading	33	33
Motorlu Araclar Imal ve Satis A.S (MAIS)	Turkey	Automotive sales	49	49
Renault Nissan Automotive India Private Limited (RNAIPL)	India	Vehicle manufacturing	30	30
Renault South Africa	South Africa	Automotive import	40	40
<b>AVTOVAZ</b>				
Ferro VAZ GmbH	Germany	Export and import of machinery, equipment and spare parts	50	50
<b>Sales Financing</b>				
RN Bank	Russia	Automotive sales financing	30	30
BARN b.v.	Netherlands	Holding	30	30
Nissan Renault Financial Services India Private Limited	India	Automotive sales financing	30	30
<b>Joint-ventures</b>				
<b>Automotive (excluding AVTOVAZ)</b>				
Renault Algérie Production	Algeria	Vehicle manufacturing	49	49
Dongfeng Renault Automotive Company	China	Automaker	50	50
Indra Investissements	France	Dismantling of end-of-life vehicles	50	50
<b>AVTOVAZ</b>				
ZAO GM-AVTOVAZ	Russia	Vehicle manufacturing and automotive sales	50	50
<b>Sales Financing</b>				
Renault Credit Car	Belgium	Automotive sales financing	50	50
RN SF b.v.	Netherlands	Holding	50	50
Orfin Finansman Anonim Sirketi	Turkey	Automotive sales financing	50	50

**B2 Cumulative financial information on associates accounted for under the equity method**

(€ million)	December 31, 2017	December 31, 2016
Investments in associates	380	398
Share in income (loss) of associates	10	17
Share of associates in other components of comprehensive income	(28)	-
Share of associates in comprehensive income	(18)	17

**B3 Cumulative financial information on joint-ventures accounted for under the equity method**

(€ million)	December 31, 2017	December 31, 2016
Investments in joint-ventures	296	324
Share in income (loss) of joint-ventures	(2)	(31)
Share of joint-ventures in other components of comprehensive income	(23)	(13)
Share of joint-ventures in comprehensive income	(25)	(44)

## NOTE 14 INVENTORIES

(€ million)	December 31, 2017			December 31, 2016		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,845	(328)	1,517	1,789	(309)	1,480
Work in progress	390	(1)	389	308	(4)	304
Used vehicles	1,589	(91)	1,498	1,456	(77)	1,379
Finished products and spare parts	3,076	(152)	2,924	2,804	(154)	2,650
<b>TOTAL</b>	<b>6,900</b>	<b>(572)</b>	<b>6,328</b>	<b>6,357</b>	<b>(544)</b>	<b>5,813</b>

## NOTE 15 SALES FINANCING RECEIVABLES

### A - Sales Financing receivables by nature

(€ million)	December 31, 2017	December 31, 2016
Dealership receivables	10,210	9,550
Financing for final customers	22,085	19,219
Leasing and similar operations	7,649	6,241
<b>Gross value</b>	<b>39,944</b>	<b>35,010</b>
Impairment	(610)	(652)
<b>Net value</b>	<b>39,334</b>	<b>34,358</b>

Details of fair value are given in note 24-A.

### B - Assignments and assets pledged as guarantees for management of the liquidity reserve

#### B1 Assignment of Sales Financing assets

(€ million)	December 31, 2017		December 31, 2016	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	10,391	10,344	9,768	9,730
Associated liabilities	2,272	2,326	3,064	3,091

The Sales Financing segment has undertaken several public securitization operations and several conduit financing operations (in Germany, Brazil, France, Italy and the United Kingdom) involving loans to final customers and receivables on the dealership network. Both types of operation are conducted through special purpose vehicles. Some public operations were subscribed by RCI Banque, which makes it possible to have securities eligible as collateral for the European Central Bank.

The receivables assigned through such operations are not derecognized, as all risks are retained by the Group. The associated liabilities correspond to securities resulting from the securitization operations, recognized in other debts represented by a certificate.

The difference between the receivables assigned and the amount of the associated liabilities corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve.

Securitized assets can no longer be assigned or pledged. Subscribers to debt securities only have claims on the assets assigned.

#### B2 Assets pledged as guarantees for management of the liquidity reserve

For management of its liquidity reserve, the Sales Financing segment has provided guarantees to the Banque de France (under France's central collateral management system 3G (*Gestion Globale des Garanties*) in the form of assets with book value of €6,949 million at December 31, 2017 (€5,453 million at December 31, 2016). These guarantees comprise €5,676 million in the form of shares in securitization vehicles, €168 million in bonds and €1,106 million in sales financing receivables (€4,504 million of shares in securitization vehicles, €168 million in bonds and €781 million in sales financing receivables at December 31, 2016). The funding provided by the Banque de France against these guarantees amounts to €2,500 million at December 2017 (€2,000 million at December 2016). All assets provided as guarantees to the Banque de France remain in the balance sheet.

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## C - Sales financing receivables by maturity

(€ million)	December 31, 2017	December 31, 2016
<1 year	20,067	18,456
1 to 5 years	18,819	15,565
>5 years	448	337
<b>TOTAL SALES FINANCING RECEIVABLES – NET</b>	<b>39,334</b>	<b>34,358</b>

## D - Breakdown of overdue Sales Financing receivables (gross values)

(€ million)	December 31, 2017	December 31, 2016
<b>Receivables for which impairment has been recognized: overdue by*</b>	<b>375</b>	<b>373</b>
0 to 90 days	52	46
90 to 180 days	51	45
More than 180 days	272	282
<b>Receivables for which no impairment has been recognized: overdue by</b>	<b>271</b>	<b>224</b>
0 to 90 days	271	224

\* This only includes Sales Financing receivables partly or totally written off through impairment on an individual basis.

The maximum exposure to credit risk for the Sales Financing activity is represented by the net book value of Sales Financing receivables plus the amount of irrevocable financing commitments for customers reported under off-balance sheet commitments given (note 28-A).

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 28-B). In particular, guarantees held in connection with overdue or impaired sales financing

receivables amounted to €660 million at December 31, 2017 (€593 million at December 31, 2016).

There is no indication at the year-end that the quality of sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the sales financing customer base.

## E - Changes in impairment of sales financing receivables

(€ million)	
<b>Value at December 31, 2016</b>	<b>(652)</b>
Impairment recorded during the year	(296)
Reversals for use	164
Reversals of unused residual amounts	161
Translation adjustments and other movements	13
<b>Value at December 31, 2017</b>	<b>(610)</b>

Net credit losses amounted to €67 million in 2017 (€104 million in 2016).

NOTE 16  
AUTOMOTIVE RECEIVABLES

(€ million)	December 31, 2017	December 31, 2016
Gross value	2,572	2,747
Impairment*	(819)	(847)
<b>AUTOMOTIVE RECEIVABLES – NET</b>	<b>1,753</b>	<b>1,900</b>

\* Of which €(677) million related to Iran at December 31, 2017 and €(699) million at December 31, 2017.

These receivables do not include accounts receivable assigned to the Group's sales financing companies or other non-Group entities when substantially all the risks and benefits associated with ownership of the receivables are transferred. The risk of dilution (essentially the risks of non-settlement after a commercial dispute) is retained by the Group, but is considered negligible. Receivables assigned in this way to Group sales

financing companies are included in sales financing receivables, principally dealership network receivables.

When substantially all the risks and benefits are not transferred, although from a legal standpoint receivables have been assigned to Group sales financing companies or other non-Group entities, they remain in Automotive (excluding AVTOVAZ) receivables and a corresponding financial

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liability is recorded (in other interest-bearing borrowings). The amount of assigned receivables that remain in the balance sheet, because the Group retains the credit risk or risk of late settlement, is not significant at December 31, 2017.

There is no significant concentration of risks in the Automotive (excluding AVTOVAZ) customer base, and no single non-Group customer accounts for more than 10% of the total revenues of the Automotive (excluding AVTOVAZ) segment.

There are no significant concentrations of credit risk in the AVTOVAZ segment.

At December 31, 2017, the maturity status of receivables for which no impairment has been recognized is as follows:

(€ million)	December 31, 2017	December 31, 2016
Not yet due and not impaired	1,560	1,725
Overdue by up to 30 days	78	63
Overdue by 31 to 90 days	62	63
Overdue by more than 90 days	53	49
<b>GROSS VALUE</b>	<b>1,753</b>	<b>1,900</b>

Details of fair value are given in note 24-A.

## NOTE 17 OTHER CURRENT AND NON-CURRENT ASSETS

(€ million)	December 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	249	307	556	193	283	476
Tax receivables (excluding current taxes due)	527	1,846	2,373	517	1,737	2,254
Taxes due*	4	91	95	-	44	44
Other receivables	555	1,728	2,283	574	1,349	1,923
Investments in controlled unconsolidated entities	100	-	100	82	-	82
Derivatives on operating transactions of the Automotive segments	-	10	10	-	4	4
Derivatives on financing transactions of the Sales Financing segment	-	123	123	-	238	238
<b>TOTAL</b>	<b>1,435</b>	<b>4,105</b>	<b>5,440</b>	<b>1,366</b>	<b>3,655</b>	<b>5,021</b>
<i>Of which gross value</i>	<i>1,470</i>	<i>4,307</i>	<i>5,777</i>	<i>1,394</i>	<i>3,860</i>	<i>5,254</i>
<i>Of which impairment</i>	<i>(35)</i>	<i>(202)</i>	<i>(237)</i>	<i>(28)</i>	<i>(205)</i>	<i>(233)</i>

\* Current taxes due are reported separately in the consolidated financial position (section 4.2.3).

Tax receivables (excluding current taxes due) do not include French tax receivables assigned outside the Group (the "CIR" Research Tax Credit and "CICE" Tax Credit For Competitiveness and Employment), when substantially all the risks and benefits associated with ownership of the receivables are transferred. In the case of tax receivables, assignment only gives rise to recognition if the risk of dilution is deemed to be non-existent,

notably when the assigned receivables have already been subject to a tax inspection or preliminary audit.

The total amount of tax receivables assigned and derecognized in 2017 is €194 million, comprising €144 million of CIR receivables and €50 million of CICE receivables (€50 million of CICE receivables in 2016). No assigned tax receivables remained in the balance sheets at December 31, 2017 and 2016.

## NOTE 18 SHAREHOLDERS' EQUITY

### A - Share capital

The total number of ordinary shares issued and fully paid at December 31, 2017 is 295,722 thousand, with a par value of €3.81 per share (unchanged compared to December 31, 2016).

Treasury shares do not bear dividends. They account for 2.17% of Renault's share capital at December 31, 2017 (1.57% at December 31, 2016).

The Nissan group holds 15% of Renault through its wholly-owned subsidiary Nissan Finance Co. Ltd. (no voting rights are attached to these shares).

### B - Capital management

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimize its cost.

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The Group actively manages its capital structure, making adjustments in view of developments in economic conditions. The Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares.

The Group's objectives are monitored in different ways in the different operating segments.

The Group manages the Automotive (excluding AVTOVAZ) segment's capital by reference to a ratio equal to the segment's net indebtedness divided by the amount of shareholders' equity. Net financial indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating

financial assets such as marketable securities or the segment's loans. Shareholders' equity is as reported in the Group's financial position. The Automotive (excluding AVTOVAZ) segment presents a net liquidity position at December 31, 2017 and December 31, 2016 (section 4.2.6.1-A4).

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio achieved by this segment share capital including subordinated loans to total weighted risks is 8%. RCI Banque's Core Tier 1 solvency ratio is 15.01% at December 31, 2017 (15.74% at December 31, 2016).

The Group also partially hedges its investment in Nissan (note 12-G).

### C - Renault treasury shares

In accordance with decisions approved at Annual General Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock option and performance share plans and other share-based payment agreements awarded to Group managers and executives.

	December 31, 2017	December 31, 2016
Total value of treasury plans (€ million)	494	321
Total number of treasury shares	6,414,355	4,649,545

On November 3, 2017, the French government announced the closing of its sale of 4.73% of the share capital of Renault (i.e. 14 million shares) through an institutional placement with accelerated book building.

In accordance with the applicable regulations, by decision of the Board of Directors, Renault acquired 10% of the shares sold by the State (1,400,000 shares) at the placement price (€121 million), in preparation for an offering reserved for current and former Groupe Renault employees that will enable them to share in the Group's results.

This employee offering will be made within one year, on terms to be decided by the Board of Directors.

### D - Distributions

At the Shareholders' Combined General Meeting of June 15, 2017, it was decided to distribute a dividend of €3.15 per share representing a total amount of €916 million (€2.40 per share or a total of €701 million in 2016). This dividend was paid in June 2017.

### E - Translation adjustment

The change in translation adjustment over the year is analyzed as follows:

(€ million)	2017	2016
Change in translation adjustment on the value of the investment in Nissan	(1,467)	12
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	96	134
<b>Total change in translation adjustment related to Nissan</b>	<b>(1,371)</b>	<b>146</b>
Effect of the acquisition of control, as defined by IFRS 10, over AVTOVAZ	-	349
Other changes in translation adjustment	(324)	(94)
<b>TOTAL CHANGE IN TRANSLATION ADJUSTMENT</b>	<b>(1,695)</b>	<b>401</b>

The effects of the acquisition of control, as defined by IFRS 10, over AVTOVAZ on the translation adjustment are presented on notes 3 and 13-A to the consolidated financial statements for 2016.

In 2016 and 2017, other changes in the translation adjustment mostly resulted from movements in the Russian rouble, the Brazilian real and the Argentinean peso.

## F - Financial instrument revaluation reserve

### F1 Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

(€ million)	Cash flow hedges	Available-for-sale financial assets	Total
<b>At December 31, 2016<sup>(1)</sup></b>	<b>8</b>	<b>738<sup>(2)</sup></b>	<b>746</b>
Changes in fair value recorded in shareholders' equity	(4)	63	59
Transfer from shareholders' equity to the income statement <sup>(3)</sup>	(12)	3	(9)
<b>At December 31, 2017<sup>(1)</sup></b>	<b>(8)</b>	<b>804<sup>(2)</sup></b>	<b>796</b>

(1) For the schedule of amounts related to cash flow hedges transferred from shareholder's equity to the income statement, see note F-3 below.

(2) The revaluation reserve partly relates to Daimler shares (note 22-A).

(3) For a breakdown of the amounts related to cash flow hedges transferred from shareholders' equity to the income statement, see note F-2 below.

### F2 Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

(€ million)	2017	2016
Operating margin	(22)	5
Other operating income and expenses	-	-
Net financial income (expense)	-	-
Share in net income of associates and joint-ventures	-	-
Current and deferred taxes	10	(9)
<b>TOTAL TRANSFERRED TO THE INCOME STATEMENT FOR CASH FLOW HEDGES</b>	<b>(12)</b>	<b>(4)</b>

### F3 Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	December 31, 2017	December 31, 2016
Within one year	(3)	3
Beyond one year	(2)	(12)
<b>Revaluation reserve for cash flow hedges excluding associates and joint-ventures</b>	<b>(5)</b>	<b>(9)</b>
Revaluation reserve for cash flow hedges – associates and joint-ventures	(3)	17
<b>TOTAL REVALUATION RESERVE FOR CASH FLOW HEDGES</b>	<b>(8)</b>	<b>8</b>

This schedule is based on the contractual maturities of hedged cash flows.

## G - Stock option and performance share plans and other share-based payments

The Board of Directors periodically awards performance shares to Group executives and managers, with vesting and holding periods specific to each plan. Until 2012, it also periodically granted stock options, each with their own price and exercise periods. All plans include performance conditions which determine the number of options or performance shares granted to beneficiaries. Loss of the benefit of stock options or shares follows the

applicable regulations: all options and rights are forfeited in the event of resignation or termination, and a decision is made for each individual case when an employee leaves at the Company's instigation.

The Board of Directors also decided that some of the Chairman and CEO's variable compensation for a given year would be converted into shares that will vest subject to conditions of performance and continued employment at Renault from 2013 onwards, while the continued employment condition only applies from 2016 onwards.

## G1 Changes in the number of stock options and share allocation rights held by personnel

	Stock options			
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Share allocation rights <sup>(1)</sup>
<b>Options outstanding and rights not yet vested at January 1, 2017</b>	<b>430,049</b>	<b>37</b>	<b>-</b>	<b>4,165,297</b>
Granted	-	-	-	1,450,328
Options exercised or vested rights	(130,710) <sup>(2)</sup>	-	50 <sup>(3)</sup>	(890,480) <sup>(4)</sup>
Options and rights expired and other adjustments	-	-	-	(139,296)
<b>Options outstanding and rights not yet vested at December 31, 2017</b>	<b>299,339</b>	<b>37</b>	<b>-</b>	<b>4,585,849</b>

(1) The figures include stock options awarded as part of the Chairman and CEO's performance-related remuneration.

(2) Stock options exercised in 2017 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.

(3) Price at which the shares were acquired by the Group to cover future exercise of options.

(4) Performance shares vested mainly relate to plan 21 introduced in 2014.

## G2 Stock options

For plans current in 2017, options attributed vest after a period of 4 years, and the exercise period then covers the 4 following years:

Plan	Type of plan	Grant date	Exercise price (€)	Options outstanding at December 31, 2017	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	133,018	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	38,800	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	127,521	December 13, 2016 – December 12, 2020
<b>TOTAL</b>				<b>299,339</b>	

## G3 Performance share plans and other share-based payment agreements

Vesting and minimum holding periods are different depending on whether beneficiaries are French tax residents or tax residents of other countries, in order to take account of local tax constraints.

The vesting period for shares awarded to French tax residents is 3 years followed by a minimum holding period of 2 years, reduced to 1 year for plans introduced from 2016.

For non-French tax residents, the vesting period is 4 years and there is no minimum holding period.

Plan	Type of plan	Grant date	Share rights awarded at December 31, 2017	Vesting date	Holding period
Plan 21 <sup>(1)</sup>	Performance shares	February 12, 2014	- 303,590	February 12, 2017 <sup>(2)</sup> February 12, 2018	February 12, 2017 – February 12, 2019 None
Plan 22 <sup>(1)</sup>	Performance shares	February 11, 2015	1,017,730 383,801	February 11, 2018 February 11, 2019	February 11, 2018 – February 11, 2020 None
Plan 23 <sup>(1)</sup>	Performance shares	April 29, 2016	983,600 360,800	April 29, 2019 April 29, 2020	April 29, 2019 – April 29, 2020 None
Plan 23 bis	Performance shares	July 27, 2016	100,000	July 27, 2020	None
Plan 24 <sup>(1)</sup>	Performance shares	February 9, 2017	1,002,310 434,018	February 9, 2020 February 9, 2021	February 9, 2020 – February 9, 2021 None
<b>TOTAL</b>			<b>4,585,849</b>		

(1) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.

(2) The performance shares concerned by these plans were issued to beneficiaries in 2017.



## H - Share-based payments

Share-based payments exclusively concern stock options and performance shares awarded to personnel, and shares awarded as part of the Chairman and CEO's performance-related remuneration.

The plans have been valued by the methods described in the accounting policies (note 2-R). The main details are as follows:

Plan	Initial value (€ thousand)	Unit fair value	Expense for 2017 (€ million)	Expense for 2016 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option	Dividend per share (€)
Plan 18	3,422	9.31		-	36.70	37.28%	2.28%	38.80	4-8 years	0.30 – 1.16
Plan 19	1,608	5.36		-	27.50	42.24%	1.99%	26.87	4-8 years	1.19 – 1.72
Plan 20	2,708	6.87		(1)	40.39	35%	0.71%	37.43	4-8 years	1.57 – 2.19
Plan 20 bis	21,767	36.38		(1)	43.15	N/A	0.87%	N/A	2-4 years	1.57 – 1.97
Plan 21*	38,702	53.69	(3)	(15)	65.76	N/A	0.20%	N/A	3-5 years	1.72 – 1.97
	13,653	54.97	(4)	(4)	65.61	N/A	0.19%	N/A	4 years	1.72 – 1.97
Plan 22*	51,509	66.51	(20)	(22)	78.75	N/A	(0.10)%	N/A	3-5 years	1.90 – 2.22
	19,138	65.19	(5)	(6)	76.58	N/A	(0.03)%	N/A	4 years	1.90 – 2.22
Plan 23*	53,728	66.38	(18)	(12)	80.25	N/A	(0.48)%	N/A	3-4 years	2.40 – 2.88
	19,929	65.72	(5)	(3)	76.16	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 23 bis	5,348	65.34	(1)	(1)	76.99	N/A	(0.48)%	N/A	4 years	2.40 – 2.88
Plan 24*	53,646	66.18	(16)	-	-	N/A	(0.56)%	N/A	3-4 years	3.15 – 3.34
	22,167	66.16	(5)	-	82.79	N/A	(0.57)%	N/A	4 years	3.15 – 3.34
<b>TOTAL</b>			<b>(77)</b>	<b>(65)</b>						

\* For these plans, performance shares were awarded at different dates within the stated period. The figures also include shares awarded as part of the Chairman and CEO's performance-related remuneration. The information reported may correspond to weighted averages based on quantities awarded per grant date.

## I - Share of non-controlling interests

Entity	Country of location	Percentage of ownership and voting rights held by non-controlling interests		Net income – non-controlling interests' share (€ million)		Shareholders' equity – non-controlling interests' share (€ million)		Dividends paid to non-controlling interests (minority shareholders) (€ million)	
		December 31, 2017	December 31, 2016	2017	2016	December 31, 2017	December 31, 2016 <sup>(1)</sup>	2017	2016
<b>Automotive (excl. AVTOVAZ)</b>									
Renault Samsung Motors	Korea	20%	20%	45	49	210	198	(32)	(31)
OYAK Renault Otomobil Fabrikalari	Turkey	48%	48%	51	43	257	243	(38)	(53)
Other	N/A	N/A	N/A	7	8	29	32	(10)	(9)
<b>TOTAL – AUTOMOTIVE (EXCLUDING AVTOVAZ)</b>				<b>103</b>	<b>100</b>	<b>496</b>	<b>473</b>	<b>(80)</b>	<b>(93)</b>
<b>Sales Financing</b>									
Banco RCI Brasil <sup>(2)</sup>	Brazil	40%	40%	20	17	-	-	(51)	(6)
Rombo Compania Financiera <sup>(2)</sup>	Argentina	40%	40%	4	5	-	-	-	(6)
RCI Colombia SA. Compania de Financiamiento <sup>(3)</sup>	Colombia	49%	-	1	-	20	-	-	-
Other	N/A	N/A	N/A	2	2	14	13	(2)	(3)
<b>TOTAL – SALES FINANCING</b>				<b>27</b>	<b>24</b>	<b>34</b>	<b>13</b>	<b>(53)</b>	<b>(15)</b>
<b>AVTOVAZ</b>									
Alliance Rostec Auto b.v. <sup>(4)</sup>	Netherlands	18%	27%	-	-	211	346	-	-
AVTOVAZ <sup>(4)</sup>	Russia	26%	35%	(33)	-	(430)	(603)	-	-
LLC United Automobile Group <sup>(4)</sup>	Russia	26%	35%	1	-	(24)	(35)	-	-
Other	N/A	N/A	N/A	(2)	-	7	(13)	-	-
<b>TOTAL AVTOVAZ</b>				<b>(34)</b>	<b>-</b>	<b>(236)</b>	<b>(305)</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>				<b>96</b>	<b>124</b>	<b>294</b>	<b>181</b>	<b>(133)</b>	<b>(108)</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) The Group has granted minority shareholders in these companies put options to sell their investments. A liability corresponding to these put options is included in other liabilities, amounting to €129 million for the Brazilian subsidiary and €25 million for the Argentinean subsidiary at December 31, 2017 (€178 million and €25 million respectively at December 31, 2016). A corresponding charge is made to shareholders' equity, allocated in priority to the non-controlling interests' share with any residual amount allocated to the parent company shareholders' share. The liability is stated at fair value. Fair value is determined by estimating the potential purchase price, taking into account future results of the financing portfolio as it exists at the closing date and the provisions of the partnership contracts. This is a level 3 fair value, as it uses recognized models but their significant data are not based on observable market data.

(3) Entity that was fully consolidated for the first time in 2017 (note 3-A).

(4) The percentages of voting rights held by non-controlling interests under the legal analysis (see note 3-B) are 34% in ARA b.v. and 35% in the AVTOVAZ group at December 31, 2017 (43% and 35% respectively at December 31, 2016).

There are no significant restrictions on the Group's capacity to access or use its assets and settle its liabilities, other than restrictions that result from the regulatory framework in which the subsidiaries operate. The local

supervisory authorities may require banking subsidiaries to keep a certain level of capital and liquidities, limit their exposure to other group parties, and comply with other ratios.

## J - Joint operations

Entity	Country of location	Main activity	Percentage of ownership held by the Group	
			December 31, 2017	December 31, 2016
<b>Automotive (excluding AVTOVAZ)</b>				
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI)*	India	Shared service centre	67	67

\* The Group holds 50% of voting rights in the Indian company RNTBCI.

## NOTE 19

## PROVISIONS FOR PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

## A - Pension and benefit plans

Pensions and other long-term employee benefit obligations essentially concern active employees. These benefits are covered either by defined-contribution plans or defined-benefit plans.

- Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organizations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans was €619 million in 2017 (€592 million in 2016).

- Defined-benefit plans

The accounting treatment of defined-benefit plans is described in note 2-S, and involves establishment of provisions. These plans concern:

- indemnities payable upon retirement or departure, in application of legislation or agreements in certain countries such as France and Turkey;
- supplementary pensions providing employees with contractual income; the countries applying this type of plan are in Europe (e.g. the United Kingdom, France, Germany, the Netherlands, and Switzerland);
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements.

Defined-benefit supplementary pension plans are generally covered by contracts with pension funds or insurance companies. In such cases, the obligations and assets are valued separately. The difference between the obligation and the fair value of the assets held to fund it may indicate underfunding or overfunding. In the event of underfunding, a provision is booked. In the event of overfunding, an asset is recognized subject to certain conditions.

- Principal defined-benefit plans of the Group

In France, the Group's retirement indemnities result from agreements negotiated with each French entity and employee representatives. They are based on employees' salaries and length of service; payment is conditional on being in the Company's employment at the time of retirement. Retirement benefit obligations for France are entirely covered by provisions, and account for most of the Group's liabilities for retirement indemnities.

The Group's most significant supplementary pension plan is in the United Kingdom, where two defined-benefit pension plans are managed as part of a dedicated pension fund comprising two compartments: one concerns Automotive subsidiaries (excluding AVTOVAZ), the other RCI Financial Services Ltd. This plan has been closed to new beneficiaries since 2004, and concerns some 1,850 people.

This pension fund (a trust) is a legal entity in its own right. It is administered by a Board of Trustees with equal representation for the participating companies and their current and former employees. The fund is governed by local regulations, which set the minimum funding requirements that can lead to additional contributions being made by the Group. The asset investment policy is defined for each section of the fund by a supervisory body which examines the performance of investments quarterly. The risks associated with these plans are the usual risks (lower future returns on fund assets, a decline in the equities markets, longer life expectancy for beneficiaries, a rise in inflation, etc.).

The fund compartment dedicated to the Automotive (excluding AVTOVAZ) segment is underfunded and the Group has made a commitment to cover the shortfall by 2026 through payments amounting to £5 million maximum per year. In application of IAS 19, the deficit for this fund compartment is valued at £71 million at December 31, 2017. The deficit for the fund compartment dedicated to RCI Financial Services Ltd. is valued at £10 million at December 31, 2017 under IAS 19.

## B - Main actuarial assumptions used to calculate provisions and other data for the most significant plans

Main actuarial assumptions and actual data for the Group's retirement indemnities in France	December 31, 2017		December 31, 2016	
	Renault s.a.s.	Other	Renault s.a.s.	Other
Retirement age	60 to 65 years	60 to 65 years	60 to 65 years	60 to 65 years
Discount rate*	1.43%	0.58% to 2%	1.44%	1% to 2%
Salary increase rate	2.5%	1% to 2.7%	2.7%	1% to 2.7%
Duration of plan	13 years	7 to 20 years	13 years	7 to 20 years
Gross obligation	€1,062 million	€175 million	€1,093 million	€172 million

\* The rates used to value the Group's obligations in France vary between companies depending on the maturities of obligations. The benchmark for the discount rate is the zero-coupon yield curve plus the average spread curve for issuers rated AA as published by Reuters.

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Main actuarial assumptions and actual data for the Group's supplementary pensions in the UK	December 31, 2017		December 31, 2016	
	Automotive excl. AVTOVAZ	Sales Financing	Automotive excl. AVTOVAZ	Sales financing
Financial discount rate*	2.5%	2.5%	2.7%	2.7%
Salary increase rate	2%	3.1%	2%	3.15%
Duration of plan	20 years	25 years	21 years	26 years
Actual return on fund assets	7.4%	8.8%	13%	16.3%
Gross obligation	€363 million	€37 million	€340 million	€34 million
Fair value of assets invested via pension funds	€284 million	€27 million	€271 million	€25 million

\* In 2017, the discount rate was determined by reference to the yield curve established by Deloitte based on the iBoxx E index for AA-rated corporate bonds (DTRB E AA corporate bond yield curve). In 2016, the discount rate was determined on the basis of the Mercer Yield Curve.

## C - Net expense for the year

(€ million)	2017	2016
Current service cost	94	96
Past service cost and (gain)/loss on settlement*	(92)	(3)
Net interest on the net liability (asset)	25	31
Effects of workforce adjustment measures	-	(1)
<b>Net expense (income) for the year recorded in the income statement</b>	<b>27</b>	<b>123</b>

\* These costs mainly include entitlements to pre-retirement leave as defined in the 1991 competitiveness agreement for France, amended by the agreement signed in January 2017 named "CAP 2020 - Contrat d'Activité pour une Performance Durable" (activity contract for sustainable performance). New rights will be recognized from the date of vesting, in accordance with IAS 19, and are no longer treated as retirement indemnities. The positive impact of this change on 2017 net income has been classified as other operating income and expenses (note 6-A) since all the impacts of CAP 2020 are included in that category (some were recorded in advance at December 31, 2016).

## D - Detail of balance sheet provision

## D1 Breakdown of the balance sheet provision

(€ million)	December 31, 2017		
	Present value of the obligation	Fair value of plan assets	Net defined-benefit liability (asset)
<b>Retirement and termination indemnities</b>			
France	1,237	-	1,237
Europe (excluding France)	15	-	15
Americas	2	-	2
Asia-Pacific	-	-	-
Africa - Middle East - India	2	-	2
Eurasia <sup>(1)</sup>	43	-	43
<b>TOTAL RETIREMENT AND TERMINATION INDEMNITIES</b>	<b>1,299</b>	<b>-</b>	<b>1,299</b>
<b>Supplementary pensions</b>			
France	125	(60)	65
United Kingdom	400	(311)	89
Europe (excluding France and United Kingdom) <sup>(2)</sup>	255	(166)	89
Americas	5	-	5
Asia-Pacific	2	-	2
<b>TOTAL SUPPLEMENTARY PENSIONS</b>	<b>787</b>	<b>(537)</b>	<b>250</b>
<b>Other long-term benefits</b>			
France <sup>(3)</sup>	82	-	82
Europe (excluding France)	2	-	2
Americas	2	-	2
<b>TOTAL OTHER LONG-TERM BENEFITS</b>	<b>86</b>	<b>-</b>	<b>86</b>
<b>TOTAL<sup>(4)</sup></b>	<b>2,172</b>	<b>(537)</b>	<b>1,635</b>

(1) Essentially Romania and Turkey.

(2) Essentially Germany, the Netherlands and Switzerland.

(3) Flexible holiday entitlements and long-service awards.

(4) Total net liability due within one year: €51 million; total net liability due beyond one year: €1,584 million.

**D2 Schedule of amounts related to net defined-benefit liability**

(€ million)	December 31, 2017					Total
	<1 year	1 to 5 years	5 to 10 years	>10 years		
Present value of obligation	61	285	401	1,425	2,172	
Fair value of plan assets	(10)	(45)	(63)	(419)	(537)	
<b>Net defined-benefit liability (asset)</b>	<b>51</b>	<b>240</b>	<b>338</b>	<b>1,006</b>	<b>1,635</b>	

The weighted average duration of plans is 15 years at December 31, 2017 (unchanged from December 31, 2016).

**E - Changes in obligations, plan assets and the provision**

(€ million)	Present value of the obligation (A)	Fair value of plan assets (B)	Net defined- benefit liability (asset) (A) + (B)
<b>Balance at December 31, 2016</b>	<b>2,295</b>	<b>(524)</b>	<b>1,771</b>
Current service cost	94	-	94
Past service cost and gain/loss on settlement	(92)	-	(92)
Net interest on the net liability (asset)	36	(11)	25
Effects of workforce adjustment measures	-	-	-
<b>Net expense (income) for 2017 recorded in the income statement (19-C)</b>	<b>38</b>	<b>(11)</b>	<b>27</b>
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	16	-	16
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	(35)	-	(35)
Actuarial gains and losses on the obligation resulting from experience effects	8	-	8
Net return on plan assets (not included in net interest above)	-	(2)	(2)
<b>Net expense (income) for 2017 recorded in other components of comprehensive income</b>	<b>(11)</b>	<b>(2)</b>	<b>(13)</b>
Employer's contributions to plan	-	(31)	(31)
Employee's contributions to plan	-	(6)	(6)
Benefits paid under the plan	(129)	24	(105)
Benefits paid upon settlement of a plan	-	-	-
Effect of changes in exchange rates	(21)	13	(8)
Effect of changes in scope of consolidation	-	-	-
<b>Balance at December 31, 2017</b>	<b>2,172</b>	<b>(537)</b>	<b>1,635</b>

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €634 million at December 31, 2017 (an expense of €620 million at December 31, 2016).

A 100 base point decrease in discount rates used for each plan would result in a €286 million increase in the amount of obligations at December 31, 2017 (€316 million at December 31, 2016), and a 100 base point increase in discount rates used for each plan would result in a €230 million decrease in the amount of obligations at December 31, 2017 (€254 million at December 31, 2016).

## F - Fair value of plan assets

Details of the assets invested via pension funds and insurance companies are as follows:

( <i>€ million</i> )	December 31, 2017		
	Assets listed on active markets	Unlisted assets	Total
<b>Pension funds</b>			
Cash and cash equivalents	-	-	-
Shares	85	-	85
Bonds	197	-	197
Shares in mutual funds and other	31	4	35
<b>TOTAL PENSION FUNDS</b>	<b>313</b>	<b>4</b>	<b>317</b>
<b>Insurance companies</b>			
Cash and cash equivalents	5	-	5
Shares	5	2	7
Bonds	180	3	183
Real estate property	16	-	16
Shares in mutual funds and other	-	9	9
<b>TOTAL INSURANCE COMPANIES</b>	<b>206</b>	<b>14</b>	<b>220</b>
<b>TOTAL</b>	<b>519</b>	<b>18</b>	<b>537</b>

Pension fund assets mainly relate to plans located in the United Kingdom (57.9%). Insurance contracts principally concern Germany (4.8%), France (11.1%), the Netherlands (19.3%) and Switzerland (5.7%). The actual returns on plan assets in the United Kingdom are shown in note 19-B.

The weighted average actual rate of return on the Group's main funds was 5.17% in 2017 (8.45% in 2016).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2017 is approximately €15 million.

The Group's pension fund assets do not include Groupe Renault's financial instruments. Real estate investments do not include real estate properties occupied by the Group.

## NOTE 20

### CHANGE IN PROVISIONS

( <i>€ million</i> )	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities <sup>(1)</sup>	Other provisions	Total
<b>At December 31, 2016<sup>(2)</sup></b>	<b>431</b>	<b>965</b>	<b>440</b>	<b>369</b>	<b>361</b>	<b>2,566</b>
Increases	106	557	95	96	105	959
Reversals of provisions for application	(193)	(525)	(153)	(33)	(51)	(955)
Reversals of unused balance of provisions	(7)	(6)	(39)	-	(25)	(77)
Changes in scope of consolidation	-	-	5	-	-	5
Translation adjustments and other changes	(18)	(18)	(28)	-	(5)	(69)
<b>At December 31, 2017<sup>(3)</sup></b>	<b>319</b>	<b>973</b>	<b>320</b>	<b>432</b>	<b>385</b>	<b>2,429</b>

(1) Mainly technical reserves established by the Sales Financing activity's insurance companies.

(2) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(3) Short-term portion of provisions: €915 million; long-term portion of provisions: €1,514 million.

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk. During 2017, the Group recorded no significant new litigation in provisions. Information on contingent liabilities is provided in note 28-A2.

Increases to restructuring provisions essentially comprise the effect of workforce adjustment measures in the Americas, Eurasia and Europe (note 6-A).

At December 31, 2017, "Other provisions" include €70 million of provisions established in application of environmental regulations (€61 million at December 31, 2016). These include provisions to cover expenses relating to end-of-life vehicles and used batteries, and environmental compliance costs for industrial land that the Group intends to sell in the Europe region and industrial sites in the Americas region. They also include €3 million for depollution of commercial land belonging to Renault Retail Group (€7 million at December 31, 2016), and a provision of €3 million for water pollution in the AVTOVAZ group's financial statements (€9 million at December 31, 2016).

## NOTE 21

## OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	December 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Tax liabilities (excluding current taxes due)	55	1,278	1,333	70	1,323	1,393
Current taxes due	-	246	246	-	321	321
Social liabilities	22	1,434	1,456	21	1,405	1,426
Other liabilities	189	5,918	6,107	247	5,695	5,942
Deferred income	1,313	1,308	2,621	1,192	1,018	2,210
Derivatives on operating transactions of the Automotive segments	-	2	2	-	10	10
<b>TOTAL</b>	<b>1,579</b>	<b>10,186</b>	<b>11,765</b>	<b>1,530</b>	<b>9,772</b>	<b>11,302</b>

Other liabilities mainly correspond to deferred income recorded in connection with vehicle sale contracts including a buy-back commitment (€518 million at December 31, 2017 and €631 million at December 31, 2016).

The Group is subject to a greenhouse gas emission quota system in the European Union and Korea. In 2017, greenhouse gas emissions were higher than the quotas allocated in Europe and Korea, and the Group recorded a corresponding expense of less than €1 million in 2017.

## 4.2.6.5 Financial assets and liabilities, fair value and management of financial risks

## NOTE 22

## FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

## A - Current/non-current breakdown

(€ million)	December 31, 2017			December 31, 2016*		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	1,306	-	1,306	1,269	-	1,269
Marketable securities and negotiable debt instruments	-	1,184	1,184	-	952	952
Loans	27	485	512	28	417	445
Derivatives on financing operations by the Automotive segments	62	263	325	82	539	621
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,395</b>	<b>1,932</b>	<b>3,327</b>	<b>1,379</b>	<b>1,908</b>	<b>3,287</b>
<i>Of which gross value (excluding AVTOVAZ)</i>	1,396	1,933	3,329	1,380	1,910	3,290
<i>Of which impairment (excluding AVTOVAZ)</i>	(1)	(2)	(3)	(1)	(2)	(3)
<i>Of which gross value – AVTOVAZ</i>	4	3	7	-	-	-
<i>Of which impairment – AVTOVAZ</i>	(4)	(2)	(6)	-	-	-
Cash equivalents	-	6,640	6,640	-	6,822	6,822
Cash	-	7,417	7,417	-	7,031	7,031
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>14,057</b>	<b>14,057</b>	<b>-</b>	<b>13,853</b>	<b>13,853</b>
<i>Of which cash equivalents (excluding AVTOVAZ)</i>	-	6,542	6,542	-	6,575	6,575
<i>Of which cash (excluding AVTOVAZ)</i>	-	7,387	7,387	-	7,002	7,002
<i>Of which cash equivalents – AVTOVAZ</i>	-	101	101	-	247	247
<i>Of which cash – AVTOVAZ</i>	-	27	27	-	29	29

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

Information on the counterparty risks associated with financial assets and cash and cash equivalents is provided in notes 25-B6 and 25-C2.

## B - Investments in non-controlled entities

At December 31, 2017, investments in non-controlled entities include €1,165 million (€1,163 million at December 31, 2016) for the Daimler shares purchased under the strategic partnership agreement. These shares are classified as available-for-sale financial assets and their fair value is determined by reference to the market price. At December 31, 2017, the stock market price (€70.80 per share) was higher than the acquisition price (€35.52 per share). The corresponding decline in fair value over the year, amounting to €2 million (compared to a €113 million increase in 2016), is recorded in other components of comprehensive income for 2017.

Investments in non-controlled entities also include €67 million at December 31, 2017 (€58 million at December 31, 2016) paid to the Fund for the Future of the Automobile (*Fonds Avenir Automobile* – FAA). Under the support plan for these suppliers introduced by the French authorities and

carmaker, Renault has made a commitment to pay a total of €200 million as funds are called. The outstanding amount for Renault at December 31, 2017 is €58 million.

The fair value of these securities is determined by reference to the most recent net asset value reported by the FAA's management company, after adjustment for any relevant information that becomes known afterwards.

## C - Cash not available to the Group

Some current bank accounts held by the Sales Financing Securitization Fund are used to increase credit on securitized receivables, and consequently act as guarantees in the event of default on payment of receivables (note 15-B1). These current bank accounts amount to €506 million at December 31, 2017 (€477 million at December 31, 2016).

### NOTE 23

## FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

### A - Current/non-current breakdown

( <i>€ million</i> )	December 31, 2017			December 31, 2016 <sup>(1)</sup>		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	554	-	554	434	-	434
Bonds	3,233	1,471	4,704	2,572	2,176	4,748
Other debts represented by a certificate	-	609	609	-	554	554
Borrowings from credit institutions (at amortized cost)	329	806	1,135	533	1,122	1,655
Other interest-bearing borrowings <sup>(2)</sup>	212	181	393	230	146	376
<b>Financial liabilities of the Automotive (excluding AVTOVAZ) segment</b>	<b>4,328</b>	<b>3,067</b>	<b>7,395</b>	<b>3,769</b>	<b>3,998</b>	<b>7,767</b>
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	64	234	298	82	544	626
<b>Total financial liabilities of the Automotive (excluding AVTOVAZ) segment</b>	<b>4,392</b>	<b>3,301</b>	<b>7,693</b>	<b>3,851</b>	<b>4,542</b>	<b>8,393</b>
Borrowings from credit institutions (at amortized cost)	531	490	1,021	585	705	1,290
Other interest-bearing borrowings	2	1	3	5	1	6
Other non-interest-bearing borrowings	463	-	463	490	-	490
<b>Financial liabilities of AVTOVAZ (excluding derivatives)<sup>(3)</sup></b>	<b>996</b>	<b>491</b>	<b>1,487</b>	<b>1,080</b>	<b>706</b>	<b>1,786</b>
<b>Total Automotive financial liabilities including AVTOVAZ</b>	<b>5,388</b>	<b>3,792</b>	<b>9,180</b>	<b>4,931</b>	<b>5,248</b>	<b>10,179</b>
Diac redeemable shares	13	-	13	12	-	12
Bonds	-	17,885	17,885	-	14,638	14,638
Other debts represented by a certificate	-	3,363	3,363	-	4,771	4,771
Borrowings from credit institutions	-	4,944	4,944	-	3,845	3,845
Other interest-bearing borrowings	-	15,085	15,085	-	12,690	12,690
<b>Financial liabilities and debts of the Sales Financing segment (excluding derivatives)</b>	<b>13</b>	<b>41,277</b>	<b>41,290</b>	<b>12</b>	<b>35,944</b>	<b>35,956</b>
Derivatives on financing operations of the Sales Financing segment	-	118	118	-	97	97
<b>Financial liabilities and debts of the Sales Financing segment</b>	<b>13</b>	<b>41,395</b>	<b>41,408</b>	<b>12</b>	<b>36,041</b>	<b>36,053</b>
<b>TOTAL AUTOMOTIVE FINANCIAL LIABILITIES INCLUDING AVTOVAZ AND FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT</b>	<b>5,401</b>	<b>45,187</b>	<b>50,588</b>	<b>4,943</b>	<b>41,289</b>	<b>46,232</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) The Automotive (excluding AVTOVAZ) segment's financial lease liability amounts to €79 million at December 31, 2017 (€83 million at December 31, 2016).

(3) Figures are represented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by operating segment in section 4.2.6.1-A2. The AVTOVAZ financial lease liability amounts to €5 million at December 31, 2017 (€6 million at December 31, 2016).



## B - Changes in Automotive financial liabilities and derivative assets on financing operations

(€ million)	December 31, 2016 <sup>(1)</sup>	Change in cash flows	Change resulting from acquisition or loss of control over subsidiaries and other operating units	Foreign exchange changes with no effect on cash flows	Other changes with no effect on cash flows	December 31, 2017
Renault SA redeemable shares	434	-	-	-	120	554
Bonds	4,748	125	-	(123)	(46)	4,704
Other debts represented by a certificate	554	55	-	-	-	609
Borrowings from credit institutions (at amortized cost)	1,655	(479)	-	(100)	59	1,135
Other interest-bearing borrowings	376	151	-	(139)	5	393
<b>Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)</b>	<b>7,767</b>	<b>(148)</b>	<b>-</b>	<b>(362)</b>	<b>138</b>	<b>7,395</b>
Derivatives liabilities on financing operations of the Automotive (excluding AVTOVAZ) segment	626	(312)	-	(5)	(11)	298
<b>Total financial liabilities of the Automotive (excluding AVTOVAZ) segment</b>	<b>8,393</b>	<b>(460)</b>	<b>-</b>	<b>(367)</b>	<b>127</b>	<b>7,693</b>
Borrowings from credit institutions (at amortized cost)	1,290	(196)	-	(161)	88	1,021
Other interest-bearing borrowings	6	(1)	-	78	(80)	3
Other non-interest-bearing borrowings	490	-	-	(38)	11	463
<b>Financial liabilities of AVTOVAZ (excluding derivatives)<sup>(2)</sup></b>	<b>1,786</b>	<b>(197)</b>	<b>-</b>	<b>(121)</b>	<b>19</b>	<b>1,487</b>
<b>TOTAL AUTOMOTIVE FINANCIAL LIABILITIES INCLUDING AVTOVAZ (A)</b>	<b>10,179</b>	<b>(657)</b>	<b>-</b>	<b>(488)</b>	<b>146</b>	<b>9,180</b>
Derivative assets on Automotive financing operations of the Automotive (excluding AVTOVAZ) segment (B)	621	(266)	-	(28)	(2)	325
<b>NET CHANGE IN AUTOMOTIVE FINANCIAL LIABILITIES IN CONSOLIDATED CASH FLOWS (SECTION 4.2.5) (A) – (B)</b>		<b>(391)</b>				

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) Figures are presented excluding intragroup transactions. Intragroup transactions between the Automotive (excluding AVTOVAZ) and AVTOVAZ segments are presented in the consolidated financial position by segment in section 4.2.6.1-A2.

## C - Financial liabilities and sales financing liabilities of the Automotive (excluding AVTOVAZ) and Sales Financing segments

### Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a 6.75% fixed portion and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €19 million for 2017 (€18 million for 2016), is included in interest expenses. These shares are listed on the Paris Stock Exchange. They traded for €695 at December 31, 2017 and €543.90 at December 31, 2016 for par value of €153, leading to a corresponding €120 million adjustment (€3 million in 2016) in 2017 to the fair value of redeemable shares recorded in other financial expenses (note 7).

The return on Diac redeemable shares issued in 1985 comprises a fixed portion equal to the annual monetary rate, and a variable portion calculated by multiplying an amount equal to 40% of the annual monetary rate by the rate of increase in net consolidated profit of the Diac sub-group compared to the prior year.

### Changes in bonds of the Automotive (excluding AVTOVAZ) segment

Renault SA issued three bonds under its EMTN program: two Eurobonds with nominal value of €750 million and a 1% coupon each, the first with

6-year maturity issued on March 8, 2017 and the second with 8-year maturity issued on November 28, 2017; and an EMTN-format private placement of ¥7 billion with 3-year maturity.

Also, as part of its "Shelf Registration" program, Renault SA issued a ¥90 billion Samurai bond on the Japanese market on July 6, 2017. This new Samurai bond has two tranches, one with nominal value of ¥63.4 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥26.6 billion, 5-year maturity and a coupon of 0.5%.

At December 31, 2017, the total amount of bonds issued by Renault SA is €2,259 million and total bond redemptions amount to €2,106 million.

Renault do Brasil SA amortized €28 million of the bond issued in March 2016.

### Changes in debts of the Sales Financing segment

In 2017, RCI Banque group issued new bonds totalling €7,409 million and maturing between 2018 and 2025, and redeemed bonds for a total of €3,811 million, of which €14 million redeemed in the Automotive (excluding AVTOVAZ) segment.

New savings collected rose by €2,359 million in 2017 (€2,445 million of sight deposits and -€86 million of term deposits) to €14,934 million (€11,470 million of sight deposits and €3,464 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, France and the United Kingdom.

# 4

## FINANCIAL STATEMENTS

### CONSOLIDATED FINANCIAL STATEMENTS

#### Credit lines

At December 31, 2017, Renault SA had confirmed credit lines opened with banks worth €3,405 million (€3,305 million at December 31, 2016). These credit lines were unused at December 31, 2017 and 2016.

Also, at December 31, 2017, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,934 million (€4,637 at December 31, 2016). These credit lines were drawn to the extent of €23 million at December 31, 2017 (unused at December 31, 2016)

The contractual documentation for financial liabilities and confirmed credit lines contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

#### Breakdown by maturity

For financial liabilities including derivatives, contractual flows are similar to the expected flows and correspond to the amounts to be paid.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31, 2017.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

#### Financial liabilities of the Automotive (excluding AVTOVAZ) segment

(€ million)	December 31, 2017							
	Balance sheet value	Total contractual flows	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
<b>Bonds by issued by Renault SA (by issue date)</b>								
2013	900	900	900	-	-	-	-	-
2014	500	500	-	-	-	500	-	-
2015	570	570	518	52	-	-	-	-
2016	444	444	-	444	-	-	-	-
2017	2,219	2,219	-	-	522	-	197	1,500
<b>Bonds issued by Renault do Brasil (by issue date)</b>								
2016	57	57	26	25	6	-	-	-
Accrued interest, expenses and premiums	14	31	31	-	-	-	-	-
<b>TOTAL BONDS</b>	<b>4,704</b>	<b>4,721</b>	<b>1,475</b>	<b>521</b>	<b>528</b>	<b>500</b>	<b>197</b>	<b>1,500</b>
Other debts represented by a certificate	609	609	609	-	-	-	-	-
Borrowings from credit institutions	1,135	1,133	797	126	109	81	6	14
Other interest-bearing borrowings	393	365	185	23	27	20	24	86
<b>TOTAL OTHER FINANCIAL LIABILITIES</b>	<b>2,137</b>	<b>2,107</b>	<b>1,591</b>	<b>149</b>	<b>136</b>	<b>101</b>	<b>30</b>	<b>100</b>
Future interest on bonds and other financial liabilities	-	191	42	40	32	31	16	30
Redeemable shares	554	-	-	-	-	-	-	-
Derivatives liabilities on financing operations	298	297	233	39	17	4	4	-
<b>TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT</b>	<b>7,693</b>	<b>7,316</b>	<b>3,341</b>	<b>749</b>	<b>713</b>	<b>636</b>	<b>247</b>	<b>1,630</b>

The portion of financial liabilities of the Automotive (excluding AVTOVAZ) segment maturing within one year breaks down as follows:

(€ million)	December 31, 2017			
	Contractual flows maturing within 1 year	<1 month	1 to 3 months	3 months to 1 year
Bonds	1,475	2	7	1,466
Other financial liabilities	1,591	292	377	922
Future interest on bonds and other financial liabilities	42	-	18	24
Derivatives liabilities on financing operations	233	45	56	132
<b>TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR</b>	<b>3,341</b>	<b>339</b>	<b>458</b>	<b>2,544</b>

## Financial liabilities and debts of the Sales Financing segment

December 31, 2017								
(€ million)	Balance sheet value	Total contractual flows	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
<b>Bonds issued by RCI Banque (by issue date)</b>								
2013	1,468	1,434	1,434	-	-	-	-	-
2014	1,415	1,397	-	884	-	513	-	-
2015	2,793	2,777	985	29	1,005	-	758	-
2016	4,829	4,858	444	2,359	-	733	-	1,322
2017	7,314	7,330	25	550	1,528	765	2,722	1,740
Accrued interest, expenses and premiums	66	114	112	2	-	-	-	-
<b>TOTAL BONDS</b>	<b>17,885</b>	<b>17,910</b>	<b>3,000</b>	<b>3,824</b>	<b>2,533</b>	<b>2,011</b>	<b>3,480</b>	<b>3,062</b>
Other debts represented by a certificate	3,363	3,366	1,936	849	545	36	-	-
Borrowings from credit institutions*	4,944	4,944	1,416	583	2,350	514	81	-
Other interest-bearing borrowings	15,085	15,086	13,755	912	254	112	53	-
<b>TOTAL OTHER FINANCIAL LIABILITIES</b>	<b>23,392</b>	<b>23,396</b>	<b>17,107</b>	<b>2,344</b>	<b>3,149</b>	<b>662</b>	<b>134</b>	<b>-</b>
Future interest on bonds and other financial liabilities	-	897	171	273	192	104	79	78
Redeemable shares	13	-	-	-	-	-	-	-
Derivative liabilities on financing operations	118	108	18	31	1	7	22	29
<b>Total financial liabilities and debts of the Sales Financing segment</b>	<b>41,408</b>	<b>42,311</b>	<b>20,296</b>	<b>6,472</b>	<b>5,875</b>	<b>2,784</b>	<b>3,715</b>	<b>3,169</b>

\* Including €2.5 billion for "TLTRO" long-term financing operations introduced by the European Central Bank in late 2014, which are progressively being used by RCI Banque.

The portion of financial liabilities and debts of the Sales Financing segment maturing within one year breaks down as follows:

December 31, 2017				
(€ million)	Contractual flows maturing within 1 year	<1 month	1 to 3 months	3 months to 1 year
Bond	3,000	701	106	2,193
Other financial liabilities	17,107	12,757	965	3,385
Future interest on bonds and other financial liabilities	171	5	18	148
Derivative liabilities on financing operations	18	2	4	12
<b>TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR</b>	<b>20,296</b>	<b>13,465</b>	<b>1,093</b>	<b>5,738</b>

## D - Financial liabilities of the AVTOVAZ segment

The AVTOVAZ segment's short-term financial liabilities consisted of the following:

(€ million)	December 31, 2017	December 31, 2016
Rouble-denominated bank loans	494	696
Bank loans denominated in currencies other than the rouble	1	9
Other rouble-denominated interest-bearing loans	37	41
<b>TOTAL SHORT-TERM LOANS AND BORROWINGS OF THE AVTOVAZ GROUP</b>	<b>532</b>	<b>746</b>
Less short-term financial liabilities from Renault s.a.s.	(41)	(40)
<b>TOTAL CURRENT FINANCIAL LIABILITIES OF THE AVTOVAZ SEGMENT</b>	<b>491</b>	<b>706</b>

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The AVTOVAZ segment's long-term financial liabilities consisted of the following:

(€ million)	December 31, 2017	December 31, 2016 <sup>(1)</sup>
Rouble-denominated bank loans <sup>(2)</sup>	531	585
Rouble-denominated interest-free loans <sup>(3)</sup>	442	477
Rouble-denominated interest-free promissory notes	14	13
Other interest-bearing rouble-denominated loans	-	5
Other interest-bearing loans and borrowings denominated in currencies other than the rouble <sup>(4)</sup>	51	57
<b>TOTAL LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ GROUP</b>	<b>1,038</b>	<b>1,137</b>
Total long-term financial liabilities of Alliance Rostec Auto b.v.	173	178
<b>TOTAL LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT</b>	<b>1,211</b>	<b>1,315</b>
Less long-term loans and borrowings from Renault s.a.s.	(215)	(235)
<b>TOTAL NON-CURRENT FINANCIAL LIABILITIES OF THE AVTOVAZ SEGMENT</b>	<b>996</b>	<b>1,080</b>

(1) The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

(2) These figures include a €(38) million adjustment at December 31, 2017 (€(45) million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B).

(3) These figures include a €308 million adjustment at December 31, 2017 (€349 million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B).

(4) These figures include a €(48) million adjustment at December 31, 2017 (€(42) million at December 31, 2016) relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B).

Rouble-denominated interest-free loans and promissory notes consist of the following liabilities:

Issue date	Maturity date (after extension)	December 31, 2017			
		Nominal value		Book value	
		(millions of roubles)	(€ million)	(millions of roubles)	(€ million)
Rouble-denominated interest-free loans					
June 5, 2009	June 5, 2032	25,000	360	25,000	360
April 29, 2010	April 29, 2032	26,282	379	5,700	82
<b>TOTAL</b>		<b>51,282</b>	<b>739</b>	<b>30,700</b>	<b>442</b>
Rouble-denominated interest-free promissory notes					
April 23, 2001	March 7, 2020	1,481	21	987	14

In 2017, the AVTOVAZ group repaid financial liabilities totalling €402 million and contracted new financial liabilities totalling €210 million.

At December 31, 2017, the AVTOVAZ group's average interest rate was 11.15% for outstanding rouble-denominated bank loans and 3.00% for bank loans denominated in other currencies (12.25% and 4.97% respectively at December 31, 2016). Bank loans denominated in other currencies are in euros. The AVTOVAZ group has €193 million of floating-rate bank loans at December 31, 2017 (€51 million at December 31, 2016).

At December 31, 2017, the AVTOVAZ group has confirmed credit lines opened with banks in the amount of €1,304 million (€1,601 million at December 31, 2016). As at December 31, 2017, the AVTOVAZ group has €262 million (€312 million at December 31, 2016) of undrawn available confirmed borrowing facilities, of which €2 million for future operating activities and €260 million were available for investment activities (€2 million and €310 million respectively at December 31, 2016).

As at December 31, 2017, the AVTOVAZ group was not in compliance with covenants set by loan agreements with banks, which include gearing, EBITDA, profitability and liquidity ratios and cross-default, as well as maximum amount of all claims, for which AVTOVAZ is a defendant. As at

December 31, 2017, the AVTOVAZ group had €405 million (€601 million at December 31, 2016) of bank loans with breached covenants. Credit institutions are able to demand early repayment of these debts with breached covenants, which comprise €16 million of long-term debt (€246 million at December 31, 2016) and €389 million of short-term debt (€355 million respectively at December 31, 2016).

At December 31, 2017 the AVTOVAZ group had received waivers of early repayment demands due to breached covenants for all loan agreements in default, covering grace periods extending more than 12 months after the year-end date.

At December 31, 2016 the AVTOVAZ group had received waivers of early repayment demands for loan agreements with breached covenants in the amount of €282 million, including €124 million of long-term debt. Since these waivers covered a maximum period of 12 months from the year-end date, all long-term loans with breached covenants (totalling €246 million) were reclassified as short-term debt.

At December 31, 2017 the AVTOVAZ group had an overdue borrowing due to Renault s.a.s. in the amount of €37 million (€40 million at December 31, 2016).

Non-current financial liabilities are repayable as follows:

(€ million)	December 31, 2017	December 31, 2016*
Current portion of loans and borrowings	403	349
1 to 5 years	491	711
> 5 years	936	1,048
<b>TOTAL LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ GROUP</b>	<b>1,830</b>	<b>2,108</b>
Less current portion of loans and borrowings	(403)	(349)
Less loans and borrowings with breached covenants	-	(246)
Less adjustment for discounting interest-free rouble-denominated liabilities	(389)	(376)
<b>Long-term portion of loans and borrowings of the AVTOVAZ group</b>	<b>1,038</b>	<b>1,137</b>
Loans and borrowings of Alliance Rostec Auto b.v. with durations of 1 to 5 years	173	178
<b>Long-term loans and borrowings of Alliance Rostec Auto b.v.</b>	<b>173</b>	<b>178</b>
<b>LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT</b>	<b>1,211</b>	<b>1,315</b>
Less long-term portion of loans and borrowings from Renault s.a.s.	(215)	(235)
<b>TOTAL NON-CURRENT LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT</b>	<b>996</b>	<b>1,080</b>

\* The figures at December 31, 2016 include adjustments recognized in 2017 relating to allocation of the purchase price paid for the AVTOVAZ group (note 3-B), and are thus different from the previously published figures.

At December 31, 2017, the AVTOVAZ group's loans and borrowings of €719 million were guaranteed by property, plant and equipment in the amount of €164 million, by finished goods in the amount of €19 million and by 100% of the shares of AO Lada-Servis and AO ZAK (at December 31, 2016, €952 million of loans and borrowings were guaranteed by €238 million of property, plant and equipment and by €39 million of finished goods).

## NOTE 24

### FINANCIAL INSTRUMENTS BY CATEGORY, FAIR VALUE AND IMPACT ON NET INCOME

#### A - Financial instruments by category and fair value by level

IAS 39 standard defines four categories of financial instrument:

- financial assets at fair value through profit or loss, comprising assets held for trading and assets designated from the outset as carried at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables carried at amortized cost;
- available-for-sale financial assets, comprising all financial instruments not included in any of the above categories.

The following breakdown by level of fair value is presented for financial instruments carried in the balance sheet at fair value:

- level 1: instruments whose fair values are derived from quoted prices in an active market;
- level 2: instruments whose fair values are derived from observable market prices and are not included in level 1;
- level 3: instruments whose fair values are derived from unobservable inputs on the market.

Estimated fair values are based on information available on the markets and determined at using valuation methods appropriate to the types of instrument in question.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, the valuation methods for each level are as follows:

- level 1: fair value is identical to the most recent quoted price;
- level 2: fair value is generally determined by recognized valuation models that use observable market data;
- level 3: the fair value of investments in non-controlled companies is based on the share of net assets.

In 2017, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

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Financial assets and other assets (€ million)	Notes	Balance sheet value					Fair value level of financial assets at fair value			
		Held for trading	Initially designated as measured at fair value through profit and loss	Hedging derivatives	Available for sale	Loans and receivables	Fair value of financial assets at amortized cost	Level 1	Level 2	Level 3
Loans	22	-	-	-	-	512	(1)			
Sales Financing receivables	15	-	-	-	-	39,334	39,194 <sup>(2)</sup>			
Automotive customer receivables	16	-	-	-	-	1,753	(1)			
Tax receivables (including current taxes due)	17	-	-	-	-	2,468	(1)			
Other receivables and prepaid expenses	17	-	-	-	-	2,824	(1)			
Cash equivalents	22	-	-	-	-	2,757	(1)			
Cash	22	-	-	-	-	7,417	(1)			
<b>TOTAL FINANCIAL ASSETS RECORDED AT AMORTIZED COST</b>		-	-	-	-	<b>57,065</b>				
Marketable securities and negotiable debt instruments	22	-	-	-	1,184	-		1,184	-	-
Investments in non-controlled entities	22	-	-	-	1,306	-		1,165	-	141
Investments in unconsolidated controlled entities	17	-	-	-	100	-		-	-	100
Derivatives assets on financing operations of the Automotive segments	22	-	-	1	-	-		1	-	-
Derivatives assets on operating transactions of the Automotive segments	17	-	-	6	-	-		-	6	-
Derivatives assets on financing operations of the Sales Financing segment	17	-	-	36	-	-		-	36	-
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY</b>		-	-	<b>43</b>	<b>2,590</b>	-		<b>2,350</b>	<b>42</b>	<b>241</b>
Other receivables <sup>(3)</sup>	17	-	15	-	-	-		-	15	-
Derivatives assets on financing operations of the Automotive segments	22	321	-	3	-	-		-	324	-
Derivatives assets on operating transactions of the Automotive segments	17	-	-	4	-	-		-	4	-
Derivatives assets on financing operations of the Sales Financing segment	17	28	-	59	-	-		-	87	-
Cash equivalents	22	3,686	-	-	197	-		3,883	-	-
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		<b>4,035</b>	<b>15</b>	<b>66</b>	<b>197</b>	-		<b>3,883</b>	<b>430</b>	-
<b>TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE</b>		<b>4,035</b>	<b>15</b>	<b>109</b>	<b>2,787</b>	<b>57,065</b>		<b>6,233</b>	<b>472</b>	<b>241</b>

(1) The Group does not report the fair value of financial assets such as Automotive customer receivables, tax receivables or cash and cash equivalents because their net book value after impairment is a reasonable approximation of their fair value.

(2) The fair value of Sales Financing receivables is estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) at the year-end. Receivables with a term of less than one year are not discounted, as their fair value does not differ significantly from their net book value. This is a level 3 fair value, as it uses recognized models for which certain significant data, such as the credit risk associated with the portfolio of receivables, are not based on observable market data.

(3) Short-term assets of the AVTOVAZ pension fund at fair value through profit or loss.

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Financial liabilities and other liabilities (€ million)	Notes	Balance sheet value				Fair value level of financial liabilities at fair value		
		Held for trading	Initially designated as measured at fair value through profit and loss	Hedging derivatives	Other financial liabilities	Fair value of financial liabilities at amortized cost	Level 1	Level 2
Tax liabilities (including current taxes due)	21	-	-	-	1,579	(1)		
Social liabilities	21	-	-	-	1,456	(1)		
Other liabilities and deferred income	21	-	-	-	8,728	(1)		
Trade payables		-	-	-	9,904	(1)		
Bonds*	23	-	-	-	22,589	22,782 <sup>(2)</sup>		
Other debts represented by a certificate*	23	-	-	-	3,972	4,026 <sup>(2)</sup>		
Borrowings from credit institutions*	23	-	-	-	7,100	7,100 <sup>(2)</sup>		
Other interest-bearing and non-interest-bearing borrowings*	23	-	-	-	15,944	16,010 <sup>(2)</sup>		
<b>TOTAL FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST</b>		-	-	-	<b>71,272</b>			
* Of which financial liabilities and debts of the Automotive (excluding AVTOVAZ) segment					6,841	6,876		
Of which financial liabilities and debts of AVTOVAZ					1,487	1,516		
Of which financial liabilities and debts of the Sales Financing segment					41,277	41,526		
Derivatives on financing operations of the Automotive segments	23	-	-	3	-	-	3	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	67	-	-	67	-
Derivatives on operating transactions of the Automotive segments	21	-	-	2	-	-	2	-
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY</b>		-	-	<b>72</b>	-	-	<b>72</b>	-
Redeemable shares (Renault & Diac)	23	-	567	-	-	567	-	-
Derivatives on financing operations of the Automotive segments	23	295	-	-	-	-	295	-
Derivatives on financing operations of the Sales Financing segment	23	23	-	28	-	-	51	-
Derivatives on operating transactions of the Automotive segments	21	-	-	-	-	-	-	-
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		<b>318</b>	<b>567</b>	<b>28</b>	-	<b>567</b>	<b>346</b>	-
<b>TOTAL FINANCIAL LIABILITIES RECORDED AT FAIR VALUE</b>		<b>318</b>	<b>567</b>	<b>100</b>	-	<b>567</b>	<b>418</b>	-

(1) The Group does not report the fair value of financial liabilities such as trade payables, tax liabilities and social liabilities, because their book value is a reasonable approximation of their fair value.

(2) The fair value of the Automotive (excluding AVTOVAZ) segment's financial liabilities and sales financing debts measured at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2017 for loans with similar conditions and maturities. The rates offered to Renault result from observable market data such as zero-coupon yield curves and secondary market prices for bonds issued by the Group, and consequently this is a level 2 fair value. The fair value of AVTOVAZ financial liabilities measured at amortized cost is determined by discounting future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The discount rate used to estimate the fair value of AVTOVAZ long-term borrowings was 11% at December 31, 2017.

## B - Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €241 million at December 31, 2017 (€188 million at December 31, 2016). They increased by €53 million over the year.

## C - Impact of financial instruments on net income

2017 (€ million)	Financial assets other than derivatives			Financial liabilities other than derivatives			Total impact on net income
	Held for trading instruments	Available-for-sale instruments	Loans and receivables	Instruments designated as measured at fair value through profit and loss	Instruments measured at amortized cost*	Derivatives	
Operating margin	8	1	17	-	(162)	6	(130)
Net financial income (expenses)	(1)	60	(124)	(140)	(336)	150	(391)
<b>Impact on net income – Automotive (excluding AVTOVAZ) segment</b>	<b>7</b>	<b>61</b>	<b>(107)</b>	<b>(140)</b>	<b>(498)</b>	<b>156</b>	<b>(521)</b>
Operating margin	-	-	(12)	-	-	-	(12)
Net financial income (expenses)	-	-	30	(134)	(2)	-	(106)
<b>Impact on net income – AVTOVAZ segment</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(134)</b>	<b>(2)</b>	<b>-</b>	<b>(118)</b>
Operating margin	-	1	1,412	(1)	(673)	(111)	628
<b>Impact on net income – Sales Financing segment</b>	<b>-</b>	<b>1</b>	<b>1,412</b>	<b>(1)</b>	<b>(673)</b>	<b>(111)</b>	<b>628</b>
<b>TOTAL GAINS (LOSSES) WITH IMPACT ON NET INCOME</b>	<b>7</b>	<b>62</b>	<b>1,323</b>	<b>(275)</b>	<b>(1,173)</b>	<b>45</b>	<b>(11)</b>

\* Including financial liabilities subject to fair value hedges.

For the Automotive (excluding AVTOVAZ) and AVTOVAZ segments, the impact of financial instruments on the operating margin mainly corresponds to foreign exchange gains and losses on operating transactions, and impairment of operating receivables.

## D - Fair value hedges

(€ million)	2017	2016
Change in fair value of the hedging instrument	(113)	(89)
Change in fair value of the hedged item	128	89
<b>Net impact on net income of fair value hedges</b>	<b>15*</b>	<b>-</b>

\* Including Sales Financing segment for € 14 million in 2017.

Hedge accounting methods are described in note 2-X.

## NOTE 25

## DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

## A - Derivatives and netting agreements

## A1 Fair value of derivatives

The fair value of derivatives corresponds to their balance sheet value.

December 31, 2017 (€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
Cash flow hedges	-	1	-	-	-	-
Fair value hedges	-	-	37	-	-	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	44	254	26	39	251	-
<b>TOTAL FOREIGN EXCHANGE RISK</b>	<b>44</b>	<b>255</b>	<b>63</b>	<b>39</b>	<b>251</b>	<b>-</b>
Cash flow hedges	-	-	36	3	67	-
Fair value hedges	2	1	27	-	28	-
Derivatives not classified as hedges and derivatives held for trading	16	7	1	22	6	-
<b>TOTAL INTEREST RATE RISK</b>	<b>18</b>	<b>8</b>	<b>64</b>	<b>25</b>	<b>101</b>	<b>-</b>
Cash flow hedges	-	-	6	-	-	2
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
<b>TOTAL COMMODITY RISK</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>TOTAL</b>	<b>62</b>	<b>263</b>	<b>133</b>	<b>64</b>	<b>352</b>	<b>2</b>



## A2 Netting agreements and other similar commitments

### FRAMEWORK AGREEMENTS FOR OPERATIONS ON FINANCIAL FUTURES AND SIMILAR AGREEMENTS

The Group negotiates its forward derivatives contracts in accordance with the framework agreements issued by the International Swaps and Derivatives Association (ISDA) and the FBF (Fédération Bancaire Française).

In the event of default, the non-defaulting party has the right to suspend execution of its payment obligations and to demand payment or transfer of a termination balance for all terminated transactions.

The ISDA and FBF framework agreements do not meet the requirements for netting in the financial statements. The Group currently has no legally enforceable right to net the reported amounts, except in the case of default or a credit event.

### SUMMARY OF NETTING OF FINANCIAL ASSETS AND LIABILITIES:

December 31, 2017 (€ million)	Amounts in the statement of financial position eligible for netting	Amounts not netted in the statement of financial position			Net amounts
		Financial instruments assets/liabilities	Guarantees included in liabilities	Off-balance sheet guarantees	
<b>Assets</b>					
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	325	(183)	-	-	142
Derivatives on financing operations of the Sales Financing segment	123	(41)	-	-	82
Cash and cash equivalents <sup>(1)</sup>	(250)	-	-	(250)	-
Sales financing receivables on dealers <sup>(2)</sup>	393	-	(169)	-	224
<b>TOTAL ASSETS</b>	<b>1,091</b>	<b>(224)</b>	<b>(169)</b>	<b>(250)</b>	<b>448</b>
<b>Liabilities</b>					
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	297	(183)	-	-	114
Derivatives on financing operations of the Sales Financing segment	118	(41)	-	-	77
<b>TOTAL LIABILITIES</b>	<b>415</b>	<b>(224)</b>	<b>-</b>	<b>-</b>	<b>191</b>

(1) This concerns a loan guaranteed by securities (reverse repo) The securities received as guarantees are included in assets pledged, provided as guarantees or mortgaged in commitments received (see note 28-B).

(2) Sales financing receivables held by Banco RCI Brasil, whose exposure is covered by pledges of "letras de cambio" (bills of exchange) subscribed by dealers and reported under other debts represented by a certificate.

## B - Management of financial risks of the Automotive (excluding AVTOVAZ) and Sales Financing segments

The Automotive (excluding AVTOVAZ) and Sales Financing segments are exposed to the following financial risks:

- liquidity risks;
- market risks (foreign exchange, interest rate, equity and commodity risks);
- counterparty risk.

### B1 Liquidity risks

The Automotive (excluding AVTOVAZ) and Sales Financing segments are financed via the capital markets, through:

- long-term resources (bond issues, private placements, project financing, term deposits, etc.);
- short-term bank loans or commercial paper issues and sight deposits;
- securitization of receivables by Sales Financing.

The **Automotive (excluding AVTOVAZ)** segment needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its gross debt and guarantee liquidity for the Automotive (excluding AVTOVAZ) segment, and this exposes it to liquidity risks in the event of extended market closures or tensions over credit availability. As part of its centralized cash management policy, Renault SA handles most refinancing for the Automotive (excluding AVTOVAZ) segment through long-term resources via the capital markets

(bond issues and private placements), short-term financing such as treasury notes, or via the banking sector or public or semi-public bodies.

Medium-term refinancing for the Automotive (excluding AVTOVAZ) segment in 2017 was mostly provided by bond issues. Renault SA issued three bonds under its EMTN program: two Eurobonds with nominal value of €750 million and a 1% coupon each, the first with 6-year maturity issued on March 8, 2017 and the second with 8-year maturity issued on November 28, 2017; and an EMTN-format private placement of ¥7 billion with 3-year maturity on April 11, 2017.

Also, as part of its "Shelf Registration" program, Renault SA issued a ¥90 billion Samurai bond on the Japanese market on July 6, 2017. This new Samurai bond has two tranches, one with nominal value of ¥63.4 billion, 3-year maturity and a coupon of 0.36%, and the other with nominal value of ¥26.6 billion, 5-year maturity and a coupon of 0.5%.

The contractual documentation for this financing contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance. However, certain types of financing, particularly market financing, contain standard clauses (*pari passu*, negative pledge and cross-default clauses).

The Automotive (excluding AVTOVAZ) segment also has confirmed credit lines opened with banks in the amount of €3,405 million, maturing at various times up to 2022. None of these credit lines was in use at December 31, 2017. These confirmed credit facilities form a liquidity reserve.

The contractual documentation for these confirmed bank credit facilities contains no clause that might adversely affect credit availability or

continuation as a result of a change in Renault's credit rating or financial ratio compliance.

Given its available cash reserves (€11.7 billion) and confirmed credit lines unused at year-end (€3.4 billion), the Automotive (excluding AVTOVAZ) segment has sufficient financial resources to cover its commitments over a 12-month horizon.

Confirmed credit lines open but unused are described in note 23-C.

The **Sales Financing** segment is very attentive to diversification of its sources of liquidity. Any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated.

RCI Banque's liquidity risk monitoring follows the European Banking Authority's recommendations for an Internal Liquidity Adequacy Assessment Process (ILAAP). It uses several indicators and analyses (static liquidity, liquidity reserve, several stress scenarios), which are updated and reported monthly to RCI Banque's Financial Committee. The stress scenarios include assumptions concerning the deposit leak, loss of access to new financing, partial unavailability of certain elements of the liquidity reserve and forecasts for issuance of new credit. The stressed assumptions for deposit leaks are very conservative and are regularly backtested.

In 2017, the Sales Financing segment issued the equivalent of €6 billion in public bonds and extended the maturity of its debt by issuing an 8-year bond for the first time. As well as six euro bond issues alternating between fixed and floating coupon rates, two bonds were issued in Swiss francs and pounds sterling respectively. For the first time, the segment used a dual-tranche format combining a fixed-rate issue with a floating-rate issue, and extended its floating-rate credit curve by launching its first 7-year issue in this format. Private placements were also undertaken in parallel, totalling €0.4 billion.

The revolving period for the private securitization of automotive loans in the United Kingdom was extended for a further year, and the amount was raised by £0.2 billion to £1.1 billion.

The alternating of different maturities, coupon types and issue formats is part of the Sales Financing segment's diversification strategy for financing sources. This policy has been followed for several years, and enables the segment to reach the maximum number of investors.

The Sales Financing entities in Brazil, South Korea, Morocco, Argentina and, for the first time, Poland also undertook issues on their domestic bond markets.

Savings deposits collected from private customers increased by €2.4 billion over 2017 and totalled €15.0 billion at December 31, 2017, or 34% of assets, in line with the Company's objective of holding customer deposits equivalent to approximately one-third of the customer financing issued.

With these resources, as well as assets held in Europe comprising €4.4 billion in undrawn confirmed credit lines with banks, €3.6 billion of collateral eligible for the European Central Bank's monetary policy operations, €1.8 billion of highly liquid assets, and short-term financial assets amounting to €0.4 billion, RCI Banque is able to fund its customer financing for more than 12 months with no access to external resources.

Confirmed credit lines open but unused are described in note 23-C.

## B2 Foreign exchange risks

### MANAGEMENT OF FOREIGN EXCHANGE RISKS

The **Automotive (excluding AVTOVAZ)** segment is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored and centralized by the Renault Financing and Treasury department.

It is Renault's general policy not to hedge operating future cash flows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks. The working capital is also sensitive to movements in exchange rates. Any hedges of such risks require formal authorization from the Finance department or General Management, and the results of these hedges are then reported to Senior Management.

In contrast, the Automotive (excluding AVTOVAZ) segment's general policy is to minimize the foreign exchange risks affecting financing and investment flows in foreign currencies, to avoid any exchange-related distortion of the financial result. All the Automotive (excluding AVTOVAZ) segment's exposures to foreign exchange risks on financial result items are aggregated and monitored by the central Cash Management team, with monthly reporting to the Chief Financial Officer. Financing flows in foreign currency originating from Renault entities are hedged in the same currency. If a subsidiary needs external financing in a currency other than the local currency, the parent company monitors the operations closely. Cash surpluses in countries that are not part of the parent company's centralized cash management are generally invested in local currency, under the supervision of the Group's central Cash Management department.

Equity investments (in currencies other than the euro) are not generally hedged. However, due to its importance, the investment in Nissan is subject to a partial foreign exchange hedge amounting to ¥181 billion at December 31, 2017 (note 12-G).

The subsidiary Renault Finance can undertake foreign exchange operations on its own behalf, within strictly defined risk limits. Its foreign exchange positions are monitored and valued in real time. This activity is chiefly intended to maintain the Group's expertise on the financial markets. It generates very short exposures and does not exceed some tens of millions of euros, and cannot therefore have a significant impact on Renault's consolidated results.

The **Sales Financing** segment has low exposure to foreign exchange risks due to the management principles applied. No position can be taken under the central management framework for refinancing; the trading room systematically hedges all flows concerned. Residual, temporal positions in foreign currencies related to the time differences in cash flow inherent to multi-currency cash management may still remain. They are monitored daily and the same hedging policy applies. The sales financing subsidiaries are obliged to obtain refinancing in their own currency and as a result are not exposed. In exceptional circumstances, limits are assigned to subsidiaries where sales financing activities or refinancing take place in several different currencies, and to subsidiaries authorized to invest some of their cash surpluses in a currency other than their local currency.

At December 31, 2017 RCI Banque group's consolidated foreign exchange position reached €8 million.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their foreign exchange risk management policy in 2017.

#### ANALYSIS OF FINANCIAL INSTRUMENTS' SENSITIVITY TO FOREIGN EXCHANGE RISKS IN THE AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into account items covered by fair value hedges (hedged assets or liabilities and derivatives), for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The impact on shareholders' equity (before tax) of a 1% rise in the euro against other currencies is assessed by converting available-for-sale financial assets, cash flow hedges and the partial hedge of the investment in Nissan. For the Automotive (excluding AVTOVAZ) segment, this impact would be a favourable €13 million at December 31, 2017, mainly associated with the yen bond issues that make up the partial hedge of the investment in Nissan (see note 12-G).

Furthermore, the impact on net income of a 1% rise in the euro against other currencies would be an unfavourable €3 million at December 31, 2017, mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency.

### CURRENCY DERIVATIVES

(€ million)	December 31, 2017				December 31, 2016			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Currency swaps – purchases	3,852	1,207	2,645	-	3,758	2,555	1,203	-
Currency swaps – sales	3,914	1,234	2,680	-	3,903	2,593	1,310	-
Forward purchases	19,088	18,293	795	-	28,296	27,204	1,092	-
Forward sales	19,086	18,291	795	-	28,292	27,200	1,092	-

### B3 Interest rate risks

#### MANAGEMENT OF INTEREST RATE RISKS

Groupe Renault's exposure to interest rate risks mainly concerns the **Sales Financing** activity exercised by RCI Banque and its subsidiaries. The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin. The Sales Financing segment's aim is to limit this risks as far as possible in order to protect its margin on sales. To take account of the difficulty of precisely matching the structure of borrowings with the structure of loans, a limited amount of flexibility is allowed in each subsidiary's interest rate hedging. This flexibility is reflected in a sensitivity limit assigned to each subsidiary and validated by the Finance Committee, in an individual adaptation of part of the limit Renault assigns to the Sales Financing segment.

Sensitivity is calculated daily for each currency and each management entity (central refinancing office, French and foreign sales financing subsidiaries), for overall management of interest rate risks across the consolidated scope of the Sales Financing segment.

Each entity's position with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances require. The results of the checks are reported monthly to the Sales Financing segment's Finance Committee, which checks that the positions comply with the Group's financial strategy and current procedural instructions.

Analysis of the Sales Financing segment's structural interest rate risk shows the following:

- Virtually all loans to customers by sales financing subsidiaries bear interest at a fixed rate and have terms of one to 72 months. These loans are hedged by fixed-rate resources with the same structure. They are covered by macro-hedges and only generate a residual interest rate risk. In subsidiaries where the financing bears interest at a floating rate, the interest rate risk is macro-hedged using interest rate swaps.

- The main activity of the Sales Financing segment's central refinancing department is refinancing the segment's commercial subsidiaries. The outstanding credit issued by sales financing subsidiaries is backed by fixed-interest resources, some of which are micro-hedged by interest rate swaps, and floating-rate resources. Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the defined limit.

The **Automotive (excluding AVTOVAZ)** segment's interest rate risk management policy applies two principles: long-term investments generally use fixed-rate financing, and investments for cash reserves generally use floating-rate financing. Fixed-rate borrowings remain at fixed rates as long as the rate curve is close to zero and the hedging ratio of floating-rate assets by floating-rate liabilities remains stable.

The financing in yen undertaken as part of the partial hedge of Nissan equity is fixed-rate.

The Automotive (excluding AVTOVAZ) segment's available cash is managed centrally by Renault SA as far as possible, and invested in short-term bank deposits by Renault Finance.

Moreover, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits, and positions are monitored and valued in real time. The risk associated with this arbitrage activity is very limited, and has no significant impact on the Group's consolidated net income.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their interest rate risk management policy in 2017.

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#### ANALYSIS OF FINANCIAL INSTRUMENTS' SENSITIVITY TO INTEREST RATE RISKS

The Automotive (excluding AVTOVAZ) and Sales Financing segments are exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortized cost (including fixed-rate instruments swapped to floating rate, and structured products);
- variations in the fair value of the fixed-rate financial instruments stated at fair value;
- variations in the fair value of derivatives.

Impacts are estimated by applying a 100 base point rise in interest rates over a 1 year period to financial instruments reported in the closing statement of financial position.

The impact on shareholders' equity corresponds to the change in fair value before reclassification in profit or loss (section 4.2.2) of available-for-sale fixed-rate financial assets and cash flow hedges after a 100 base point rise in interest rates. All other impacts affect net income.

Calculation of the individual segments' sensitivity to interest rates risks includes intersegment loans and borrowings.

For the Automotive (excluding AVTOVAZ) segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a positive €102 million and €2 million respectively at December 31, 2017.

For the Sales Financing segment, the overall sensitivity to interest rate risks in 2017 remained below the limit set by the RCI Banque group (€50 million at December 31).

At December 31, 2017, a 100 point base point rise in interest rates would have the following impacts on net income and shareholders' equity (before taxes):

- +€4.7 million for items denominated in euros;
- -€0.4 million for items denominated in Brazilian real;
- -€0.7 million for items denominated in Swiss francs;
- -€2.9 million for items denominated in pounds sterling;
- +€0.4 million for items denominated in Korean won;
- +€0.2 million for items denominated in Moroccan dirham;
- -€0.2 million for items denominated in Polish zloty.

The sum of the absolute sensitivities in each currency amounts to €10.1 million.

#### FIXED RATE/FLOATING RATE BREAKDOWN OF FINANCIAL LIABILITIES AND SALES FINANCING DEBTS OF THE GROUP (EXCLUDING AVTOVAZ), AFTER THE EFFECT OF DERIVATIVES

(€ million)	December 31, 2017	December 31, 2016
Financial liabilities before hedging: fixed rate (a)	25,887	23,850
Financial liabilities before hedging: floating rate (a')	22,231	19,427
<b>Financial liabilities before hedging (without redeemable shares) of the Group (excluding AVTOVAZ)</b>	<b>48,118</b>	<b>43,277</b>
Hedges: floating rate/fixed (b)	8,743	7,525
Hedges: fixed rate/floating (b')	7,987	7,340
<b>Hedges</b>	<b>16,730</b>	<b>14,865</b>
Financial liabilities after hedging: fixed rate (a+b-b')	26,643	24,035
Financial liabilities after hedging: floating rate (a'+b'-b)	21,475	19,242
<b>Financial liabilities after hedging (without redeemable shares) of the Group (excluding AVTOVAZ)</b>	<b>48,118</b>	<b>43,277</b>

#### INTEREST RATE DERIVATIVES

(€ million)	December 31, 2017				December 31, 2016			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Interest rate swaps	22,838	7,583	12,905	2,350	18,293	5,975	10,668	1,650
Other interest rate hedging instruments	1	1	-	-	-	-	-	-

#### B4 Equity risks

##### MANAGEMENT OF EQUITY RISKS

The exposure of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and marketable securities indexed to share prices. These two segments do not use equity derivatives to hedge these risks.

The Automotive (excluding AVTOVAZ) segment and the Sales Financing segment made no major changes to their equity risk management policy in 2017.

##### ANALYSIS OF FINANCIAL INSTRUMENTS' SENSITIVITY TO EQUITY RISKS

The sensitivity to equity risks resulting from application of a 10% decrease in share prices to the financial assets concerned at the year-end would have an unfavourable impact of €132 million on shareholders' equity. The impact on net income is not significant at December 31, 2017.

#### B5 Commodity risks

##### MANAGEMENT OF COMMODITY RISKS

Commodity purchase prices can change suddenly and significantly, and cannot necessarily be passed on through vehicle sale prices. This may lead Renault's Purchases department to hedge part of its commodity risks

using financial instruments. These hedges are subject to volume, duration and price limits.

In 2017 Renault undertook hedging operations for a maximum of 27% of monthly quantities on aluminium, lead, copper, palladium, platinum, nickel and Brent oil, whenever prices on the financial markets fell below thresholds validated by the Chairman and CEO.

The operations in progress at December 31, 2017 are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in shareholders' equity for the effective portion of the hedges.

## COMMODITY DERIVATIVES

(€ million)	December 31, 2017				December 31, 2016			
	Nominal	<1 yr	1 to 5 yrs	>5 yrs	Nominal	<1 yr	1 to 5 yrs	>5 yrs
Swaps	94	94	-	-	142	142	-	-
Zero-premium collars (option)	65	65	-	-	-	-	-	-

### B6 Counterparty risk

All entities of the Automotive (excluding AVTOVAZ) segment and the Sales Financing segment use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For each of these entities with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control procedures.

The Group (excluding AVTOVAZ) produces a consolidated monthly report covering all its bank counterparties, organized by credit rating. This report provides a detailed analysis of compliance with limits in terms of amount, term and type, as well as a list of the main exposures.

Most deposits are with large network banks and generally have terms shorter than 90 days, as this allows a good spread of the risk and lowers the systemic risk.

The Group (excluding AVTOVAZ) is not subject to any significant risk concentration for its operations on the financial and banking markets.

No losses due to default by a banking counterparty were recorded in 2017.

### ANALYSIS OF FINANCIAL INSTRUMENTS' SENSITIVITY TO COMMODITY RISKS

Financial instruments' accounting sensitivity to commodity risks results from derivatives used to hedge the Group's economic exposure to these risks.

A 10% increase in commodity prices for derivatives classified as hedging derivatives would have a positive impact of €12 million on shareholders' equity at December 31, 2017.

## C - Management of AVTOVAZ group financial risks

The AVTOVAZ group's principal financial liabilities comprise bank and other loans, finance lease and trade payables. The main purpose of these financial liabilities is to raise finance for AVTOVAZ group's operations. It has various financial assets such as trade receivables, cash, short-term deposits and loans issued, which arise directly from its operations.

In 2017, the AVTOVAZ group did not use derivatives. The main financial risks to which the AVTOVAZ group was exposed were thus are liquidity risk, foreign exchange risk and credit risk.

### C1 Foreign exchange risks

The AVTOVAZ group carries out sales both within and outside the Russian Federation. Sales are not all made in the AVTOVAZ group's functional currency, i.e. the Russian rouble, exposing it to foreign exchange risk. Almost 98% of sales are denominated in Russian roubles, whilst approximately 6% of costs are denominated in currencies other than the Russian roubles.

At December 31, 2017 the AVTOVAZ group had €3 million of cash and cash equivalents, €7 million of trade and other receivables, €100 million of loans and borrowings and €89 million of trade and other payables denominated in currencies other than AVTOVAZ's functional currency. Risk management is carried out by the PAO AVTOVAZ Finance department, which identifies, evaluates and manages foreign exchange risks by analyzing the net position in each foreign currency. The AVTOVAZ group is not exposed to equity securities price risk. It has not entered into any hedging arrangements in respect of its foreign currency.

The following table demonstrates the sensitivity to a change in the US dollar, euro or Japanese yen, exchange rates of AVTOVAZ group's profit before tax.

(€ million)	Increase/(decrease) in exchange rate %	Effect on profit before tax
<b>2017</b>		
EUR/RUB	12.8	(22)
JPY/RUB	13.5	(3)
USD/RUB	10.0	(1)
EUR/RUB	(12.8)	22
JPY/RUB	(13.5)	3
USD/RUB	(10.0)	1

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#### C2 Credit risk

At December 31, 2017, AVTOVAZ group has €128 million in cash and cash equivalents and €352 million of trade receivables and other current assets subject to potential credit risk. Credit risk on these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount.

The AVTOVAZ group trades only with recognized, creditworthy third parties. It is AVTOVAZ group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and as a result, AVTOVAZ group's exposure to bad debts is not significant. The maximum exposure is the carrying amount.

There are no significant concentrations of credit risk within AVTOVAZ group.

#### C3 Liquidity risks

The AVTOVAZ group monitors its risk to a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from its operations.

The AVTOVAZ group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and borrowings.

The table below summarizes the maturity of the AVTOVAZ group's financial liabilities at December 31, 2017 based on contractual undiscounted payments.

(€ million)	<3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>December 31, 2017</b>					
Borrowings	137	489	626	974	2,226
<i>Of which Groupe Renault</i>	38			129	167
Trade and other payables	977	1	2	-	980
<i>Of which Groupe Renault</i>	386				386
<b>Loans with breached covenants</b>	-	-	-	-	-

#### C4 Cash flow and interest rate risk

The AVTOVAZ group's interest rate risk arises from borrowings. The majority of interest rates on borrowings are fixed. Existing interest rates can be changed subject to agreement by the third parties. Financial assets are either non-interest bearing or bear interest at fixed rates; the AVTOVAZ

group's income and operating cash flows are substantially independent of changes in market interest rates. It has not entered into any hedging arrangements in respect of its interest rate exposures.

At December 31, 2017, the AVTOVAZ group had €193 million of bank loans with floating interest rate (note 23-D).

## 4.2.6.6 Cash flows and other information

### NOTE 26

#### CASH FLOWS

The cash flows of the Alliance Rostec Auto b.v. joint-venture and the AVTOVAZ group, which form the AVTOVAZ segment, are fully consolidated from January 1, 2017. The relevant figures are provided in the information by operating segment (section 4.2.6.1.A3).

#### A - Other income and expenses with no impact on cash

(€ million)	2017	2016
Net allocation to provisions	(201)	605
Net effects of sales financing credit losses	(29)	(8)
Net (gain) loss on asset disposals	(93)	(655)
Change in fair value of redeemable shares	120	3
Change in fair value of other financial instruments	(5)	3
Net financial indebtedness	369	284
Deferred taxes	257	327
Current taxes	634	728
Other	78	118
<b>OTHER INCOME AND EXPENSES WITH NO IMPACT ON CASH BEFORE INTEREST AND TAX</b>	<b>1,130</b>	<b>1,405</b>

**B - Change in working capital before tax**

(€ million)	2017	2016
Decrease (increase) in net inventories	(691)	(1,233)
Decrease (increase) in Automotive net customer receivables	78	(513)
Decrease (increase) in other assets	(795)	(696)
Increase (decrease) in trade payables	591	894
Increase (decrease) in other liabilities	705	1,309
<b>CHANGE IN WORKING CAPITAL BEFORE TAX</b>	<b>(112)</b>	<b>(239)</b>

**C - Cash flows related to property, plant and equipment and intangible investments**

(€ million)	2017	2016
Purchases of intangible assets	(1,310)	(1,058)
Purchases of property, plant and equipment (other than assets leased to customers)	(2,420)	(2,216)
<b>TOTAL PURCHASES FOR THE PERIOD</b>	<b>(3,730)</b>	<b>(3,274)</b>
Deferred payments	129	177
<b>TOTAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE INVESTMENTS</b>	<b>(3,601)</b>	<b>(3,097)</b>

**NOTE 27****RELATED PARTIES****A - Remuneration of company officers and executive Committee members**

The table below reports the compensation of the Chairman and CEO and Group Executive Committee members accounted for in expenses for the year. Amounts are allocated pro rata to the periods in which the functions were occupied.

(€ million)	2017	2016
Basic salary	6.1	5.9
Retirement indemnities	-	-
Performance-related salary	7.8	7.5
Employer's social security charges*	9.0	7.5
Complementary pension	8.0	5.2
Other components of remuneration	2.7	1.5
<b>TOTAL REMUNERATION EXCLUDING STOCK OPTIONS AND PERFORMANCE SHARES</b>	<b>33.6</b>	<b>27.6</b>
Stock options and performance shares	15.3	12.0
<b>TOTAL STOCK OPTIONS AND PERFORMANCE SHARES</b>	<b>15.3</b>	<b>12.0</b>
<b>CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND GROUP EXECUTIVE COMMITTEE MEMBERS</b>	<b>48.9</b>	<b>39.6</b>

\* The remuneration awarded comprises the portion paid in cash and the accounting value of the deferred salary to be paid in shares.

Directors' fees amounted to €1.2 million in 2017 (€1.1 million in 2016), including the fees for the Chairman's functions.

Details of the remuneration paid to the Chairman and CEO and Executive Committee members are provided in the 2017 Registration document, in sections 3.1.2 "Principles and rules adopted by the Board of Directors for the compensation of the Chief Executive Officer", and 3.3 "Compensation of Senior Executives".

**B - Renault's investments in associates**

Details of Renault's investments in Nissan are provided in note 12.

**C - Transactions with the French State and public companies**

In the course of its business the Group undertakes transactions with the French State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €192 million in 2017, an automotive receivable of €107 million, a sales financing receivable of €406 million and a financing commitment of €21 million at December 31, 2017.

## NOTE 28

## OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

In the course of its business, Renault enters into a certain number of commitments, and is involved in litigations or subject to investigations by competition and automotive regulation authorities. Any liabilities resulting from these situations (e.g. pensions and other employee benefits, litigation costs, etc.) are covered by provisions. Details of other commitments that

constitute off-balance sheet commitments and contingent liabilities are provided below (note 28-A).

Furthermore, Renault also receives commitments from customers (deposits, mortgages, etc.) and may benefit from credit lines with credit institutions (note 28-B).

## A - Off-balance sheet - Commitments given and contingent liabilities

## A1 Ordinary operations

The Group is committed for the following amounts:

(€ million)	December 31, 2017	December 31, 2016
Financing commitments in favour of customers <sup>(1)</sup>	2,315	2,082
Firm investment orders <sup>(2)</sup>	952	655
Lease commitments <sup>(3)</sup>	546	434
Assets pledged, provided as guarantees or mortgaged <sup>(4)</sup>	187	277
Sureties, endorsements and guarantees given and other commitments	187	154

(1) Commitments in favour of customers by the Sales Financing segment will lead to outflows of liquidities during the three months following the year-end in the maximum amount of €2,250 million at December 31, 2017 (€1,998 million at December 31, 2016).

(2) Firm investment orders at AVTOVAZ amount to €68 million at December 31, 2017 (€63 million at December 31, 2016).

(3) Largely as a result of specificities in French lease contracts that allow penalty-free early termination, the irrevocable lease commitments reported here are not fully representative of the financial liability to be recognized in application of IFRS 16. The negative impact of future application of this standard on the financial liability is currently being analyzed (note 2-A). The lease commitments made by AVTOVAZ amount to €56 million at December 31, 2017 (€43 million at December 31, 2016).

(4) At December 31, 2017, assets pledged, provided as guarantees or mortgaged include commitments given by AVTOVAZ amounting to €183 million (€277 million at December 31, 2016) corresponding to fixed assets, inventories of finished goods and securities guaranteeing financial liabilities (see note 23-D).

Assets pledged as guarantees by the Sales Financing segment for management of the liquidity reserve are presented in note 15-B.

Operating lease commitments correspond to rent from non-cancellable leases. The breakdown is as follows:

(€ million)	December 31, 2017	December 31, 2016
Less than 1 year	101	85
Between 1 and 5 years	296	212
More than 5 years	149	137
<b>TOTAL*</b>	<b>546</b>	<b>434</b>

\* Lease commitments by AVTOVAZ amount to €56 million at December 31, 2017 (€43 million at December 31, 2016) and mostly mature in more than 5 years (€49 million at December 31, 2017 and €37 million at December 31, 2016).

## A2 Contingent liabilities

Under a customs agreement between Brazil and Argentina for the automotive industry, which was introduced in 2008 and amended in June 2016, imports of vehicles and spare parts for the Argentinean automotive sector are exempt from customs duties as long as the average ratio of imports to exports with Brazil is below 1.5 over the period July 2015 to June 2020 (this ratio may be raised to 1.7 from June 30, 2019). The amount of customs duties potentially due retroactively may be up to 75% of the customs duties on cars and 70% of the customs duties on spare parts in excess of the ratio, using a calculation covering the entire automotive sector.

The ratio for the sector as a whole was above 1.5 for the period July 1, 2015 to June 30, 2017, and Renault contributed to this situation. Only automakers which do not respect their own individual ratio over the period concerned are liable for penalties. The applicable rules, which have changed slightly since two new regulations were issued in January 2018,

explicitly allow purchases of credits from other carmakers concerned to avoid paying the penalties due. This customs agreement creates a contingent obligation for Renault that will only be confirmed by the occurrence of uncertain future events that are partly within its control (compliance with the individual ratio) and partly beyond its control, since the ratio to be respected concerns the entire automotive sector. Reliable estimation of the potential risk at the reporting date is difficult, mainly because of uncertainties as to developments in the Argentinean and Brazilian automotive markets between now and 2020. Consequently, no provision has been recognized by the Group.

Since the introduction of regulation 21-E of January 23, 2018, a guarantee of USD 86 million would be provided for the provisional penalties calculated in respect of the first 24 months of application of the amended agreement of June 2016. This cannot be considered as an indication of the final amount that may be due at the end of period concerned by the agreement, which ends on June 30, 2020.



Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favour. At December 31, 2017, the Group had not identified any significant risk in connection with these operations.

Following partial sales of subsidiaries in previous years, Renault holds put options covering some or all of the residual investment retained. The exercise of these options would not have a significant impact on the Group's consolidated financial statements.

Group companies are periodically subject to tax inspections in the countries in which they operate. Accepted tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeals undertaken may be unsuccessful.

Group companies are periodically subject to investigations by the authorities in the countries in which they operate. When the resulting financial consequences are accepted, they are recognized in the financial statements via provisions. When they are contested, they are recognized on a case-by-case basis, based on estimates that take into account the risk that the proceedings or appeals undertaken may be unsuccessful.

The main investigations by the competition and automotive regulations authorities in progress at December 31, 2017 concern the level of vehicle emissions in Europe.

In the ongoing "emissions" affair in France, Renault notes that a formal legal investigation has been opened. This new stage in the procedure is seen as an indication that the French prosecution office wishes to pursue this matter. No provision was recognized at December 31, 2017 or December 31, 2016.

In March 2016 Renault decided to roll out a plan to reduce nitrogen oxide (NO<sub>x</sub>) emissions by its Euro 6b diesel vehicles by applying new factory calibrations for vehicle production, and a corresponding €20 million provision was recognized for vehicles manufactured before this decision. A step-up in this plan was decided in October 2017, leading to recognition of an additional €24 million provision. At December 31, 2017 the balance of the provision is €44 million (compared to €20 million at December 31, 2016).

Group companies are subject to the applicable regulations regarding pollution, notably of soil and ground water. These regulations vary depending on the country of location. Some of the associated environmental liabilities are potential and will only be recognized in the accounts if the activity is discontinued or the site closed. It is also sometimes difficult to determine the amount of the obligation reliably. Provisions are only established for liabilities that correspond to a legal or constructive obligation at the closing date, and can be estimated with reasonable reliability. Details of significant provisions are given in note 20 "Change in provisions".



## B - Off-balance sheet - Commitments received and contingent assets

(€ million)	December 31, 2017	December 31, 2016
Sureties, endorsements and guarantees received	2,929	2,295
Assets pledged, provided as guarantees or mortgaged <sup>(1)</sup>	3,162	3,138
Buy-back commitments <sup>(2)</sup>	3,231	2,274
Other commitments	29	33

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,796 million at December 31, 2017 (€2,757 million at December 31, 2016). In addition, AVTOVAZ received €12 million in real estate property rights and ownership rights as guarantees of loans, and €79 million in rights to vehicles as guarantees of customer receivables (€13 million and €93 million respectively at December 31, 2016).

(2) Commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

Off-balance sheet commitments received concerning confirmed opened credit lines are presented in note 23.

### NOTE 29

#### FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORKS

The fees paid to the Group's statutory auditors and their networks are reported in section 6.3.3 of the 2017 Registration document.

### NOTE 30

#### SUBSEQUENT EVENTS

No significant events have occurred since December 31, 2017.

## NOTE 31

## CONSOLIDATED COMPANIES

## A - Fully consolidated companies (subsidiaries)

Groupe Renault's interest (%)	Country	December 31, 2017	December 31, 2016
Renault SA	France	Consolidating company	Consolidating company
<b>AUTOMOTIVE (EXCLUDING AVTOVAZ)</b>			
<b>France</b>			
Renault s.a.s.	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Fonderie de Bretagne	France	100	100
IDVU	France	100	100
IDVE	France	100	100
Maubeuge Construction Automobile (MCA)	France	100	100
Renault Environnement	France	100	100
Renault Retail Group and subsidiaries	France	100	100
Renault Samara	France	100	100
RDREAM	France	100	100
Renault Sport Racing s.a.s.	France	100	100
SCI Plateau de Guyancourt	France	100	100
SNC Renault Cléon	France	100	100
SNC Renault Douai	France	100	100
SNC Renault Flins	France	100	100
SNC Renault Sandouville	France	100	100
Société des Automobiles Alpine Caterham	France	100	100
Sofrastock International	France	100	100
Société de Transmissions Automatiques	France	100	100
Société de Véhicules Automobiles de Batilly (SOVAB)	France	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM)	France	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100
Société Immobilière d'Épône	France	100	100
Société Immobilière pour l'Automobile (SCIA)	France	100	100
SODICAM 2	France	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100
<b>Europe</b>			
Renault Deutschland AG and subsidiaries	Germany	100	100
Renault Österreich	Austria	100	100
Renault Belgique Luxembourg and subsidiary	Belgium	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Croatia	Croatia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA	Spain	100	100
Renault Hungaria	Hungary	100	100
Renault Irlande	Ireland	100	100
Renault Italia and subsidiary	Italy	100	100
Motor Reinsurance Company	Luxembourg	100	100
Groupe Renault b.v.	Netherlands	100	100
Renault Nederland	Netherlands	100	100
Renault Polska	Poland	100	100
Cacia	Portugal	100	100
Renault Portuguesa and subsidiary	Portugal	100	100
Renault Ceska Republika	Czech Republic	100	100

## CONSOLIDATED FINANCIAL STATEMENTS

Groupe Renault's interest (%)	Country	December 31, 2017	December 31, 2016
Grigny Ltd.	United Kingdom	100	100
Renault Retail Group UK	United Kingdom	100	100
Renault Sport Racing Limited	United Kingdom	100	100
Renault UK	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenija d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Nordic	Sweden	100	100
Renault Développement Industriel et Commercial (RDIC)	Switzerland	100	100
Renault Finance	Switzerland	100	100
Renault Suisse SA	Switzerland	100	100
<b>Americas</b>			
Groupe Renault Argentina	Argentina	100	100
Renault do Brasil LTDA	Brazil	100	100
Renault do Brasil SA	Brazil	100	100
Sociedad de Fabricacion de Automotores (Sofasa) and subsidiary	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
<b>Asia-Pacific</b>			
Vehicle Distributors Australia	Australia	100	100
Renault Beijing Automotive Company	China	100	100
Renault Samsung Motors	South Korea	80	80
Renault Treasury Services PTE LTD.	Singapore	100	-
<b>Africa – Middle East – India</b>			
Renault Algérie	Algeria	100	100
Renault India Private Ltd.	India	100	100
Renault Maroc	Morocco	80	80
Renault Maroc Service	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	100
Renault Tanger Méditerranée	Morocco	100	100
Société Marocaine de Construction Automobile (SOMACA)	Morocco	77	77
<b>Eurasia</b>			
Renault Nissan Bulgaria	Bulgaria	100	100
Dacia	Romania	99	99
Renault Mécanique Roumanie	Romania	100	100
Renault Commercial Roumanie	Romania	100	100
Renault Technologie Roumanie	Romania	100	100
CJSC Renault Russia	Russia	100	100
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Ukraine	Ukraine	100	100
<b>SALES FINANCING</b>			
<b>France</b>			
Diac	France	100	100
Diac Location	France	100	100
RCI Banque and branches	France	100	100
<b>Europe</b>			
RCI Versicherungs Services GmbH	Germany	100	100
RCI Financial Services SA	Belgium	100	100
Renault AutoFin SA	Belgium	100	100
Overlease	Spain	100	100
RCI zrt Hongrie	Hungary	100	100
ES Mobility SRL	Italy	100	100
RCI Insurance Ltd.	Malta	100	100

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## FINANCIAL STATEMENTS

## CONSOLIDATED FINANCIAL STATEMENTS

Groupe Renault's interest (%)	Country	December 31, 2017	December 31, 2016
RCI Life Ltd.	Malta	100	100
RCI Services Ltd.	Malta	100	100
RCI Financial Services b.v.	Netherlands	100	100
Renault Leasing Polska Sp. z.o.o.	Poland	100	100
RCICOM, SA	Portugal	100	100
RCI Gest Seguros – Mediadores de Seguros	Portugal	100	100
RCI Finance CZ s.r.o.	Czech Republic	100	100
RCI Financial Services s.r.o.	Czech Republic	50	50
RCI Financial Services Ltd.	United Kingdom	100	100
RCI Finance SA	Switzerland	100	100
<b>Americas</b>			
Courtage SA	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
RCI Brasil SA (ex-Companhia de Arrendamento Mercantil RCI do Brasil)	Brazil	60	60
Administradora de Consorcio Renault do Brasil	Brazil	100	100
Corretora de Seguros RCI do Brasil	Brazil	100	100
RCI Colombia SA Compania de Financiamiento <sup>(1)</sup>	Colombia	51	-
<b>Asia-Pacific</b>			
RCI Financial Services Korea	South Korea	100	100
<b>Africa – Middle East – India</b>			
RCI Finance Maroc	Morocco	100	100
RDFM	Morocco	100	100
<b>Eurasia</b>			
RCI Broker De Asigurare	Romania	100	100
RCI Finantare Romania	Romania	100	100
RCI Leasing Romania IFN	Romania	100	100
OOO RN FINANCE RUS	Russia	100	100
<b>AVTOVAZ<sup>(2)</sup></b>			
<b>Europe</b>			
LADA International Ltd.	Cyprus	74	65
Alliance Rostec Auto b.v.	Netherlands	82	73 <sup>(2)</sup>
<b>Eurasia</b>			
SOAO Minsk-Lada	Belarus	41	37
PAO AVTOVAZ	Russia	74	65 <sup>(2)</sup>
AO Avtosentr-Togliatti-VAZ	Russia	38	33
AO Bryansk Lada	Russia	56	50
AO Cheboksary-Lada	Russia	69	60
AO ChitaServisLada	Russia	57	50
AO Izhlada	Russia	37	33
AO JarLadaservis	Russia	70	61
AO Kostroma-Lada-Servis	Russia	47	41
AO Kursk-Lada	Russia	54	47
AO Lada-Servis	Russia	74	65
AO Lipetsk-Lada	Russia	49	43
AO Oka-Lada	Russia	64	57
AO Piter-Lada	Russia	66	59
AO Samara-Lada	Russia	52	46
AO Saransk-Lada	Russia	67	59
AO Saratov-Lada	Russia	63	55
AO Smolensk-Lada	Russia	45	39
AO Tyumen-Lada	Russia	74	64
AO Yakhroma-Lada	Russia	64	57
AO ZAK	Russia	74	65

## CONSOLIDATED FINANCIAL STATEMENTS

Groupe Renault's interest (%)	Country	December 31, 2017	December 31, 2016
OOO LADA Sport	Russia	74	65
OOO LIN	Russia	74	65
OOO PPO	Russia	74	65
AO PSA VIS-AVTO	Russia	74	65
OOO Sockultbit-AVTOVAZ	Russia	74	65
OOO VMZ <sup>(3)</sup>	Russia	-	65
LLC LADA IZHEVSK	Russia	73	65
AO Lada-Imidzh	Russia	74	65
AO STO Komsomolskaya	Russia	58	51
AO Tsentralnaya STO	Russia	74	65
Other AVTOVAZ subsidiaries	Russia	74	65

### B - Companies consolidated based on the percentage interest in each balance sheet and income statement item (joint operations)

Groupe Renault's interest (%)	Country	December 31, 2017	December 31, 2016
<b>AUTOMOTIVE EXCLUDING AVTOVAZ</b>			
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI)	India	67	67

### C - Companies accounted for by the equity method (associates and joint-ventures)

Group's interest (%)	Country	December 31, 2017	December 31, 2016
<b>AUTOMOTIVE EXCLUDING AVTOVAZ</b>			
Boone Comenor	France	33	33
Indra Investissements	France	50	50
Renault South Africa	South Africa	40	40
Renault Algérie Production	Algeria	49	49
Dongfeng Renault Automotive Company	China	50	50
Renault Nissan Automotive India Private Limited	India	30	30
Nissan group	Japan	44	44
Motorlu Araclar Imal ve Satis A.S	Turkey	49	49
<b>SALES FINANCING</b>			
Renault Crédit Car	Belgium	50	50
Nissan Renault Financial Services India Private Limited	India	30	30
RN SF b.v.	Netherlands	50	50
BARN b.v.	Netherlands	30	30
RN Bank	Russia	30	30
Orfin Finansman Anonim Sirketi	Turkey	50	50
<b>AVTOVAZ<sup>(2)</sup></b>			
Ferro VAZ GmbH	Germany	37	33
ZAO GM-AVTOVAZ	Russia	37	33
CSC ARMENIA-LADA	Armenia	37	33

(1) RCI Colombia SA Compania de Financiamiento, formed by the Group in partnership with BBVA, is fully consolidated from 2017.

(2) Alliance Rostec Auto b.v. and the AVTOVAZ group are fully consolidated from December 31, 2016 following the acquisition of control as defined by IFRS 10, at the end of the year. They were accounted for under the equity method during 2016 until the Group acquired control (note 3-B).

(3) Subsidiaries absorbed in 2017 by fully consolidated companies.

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## FINANCIAL STATEMENTS

### CONSOLIDATED FINANCIAL STATEMENTS

In application of regulation 2016-09 of December 2, 2016 issued by the French Accounting Standards Authority (Autorité des Normes Comptables), the Group is obliged to make the following information available to third parties:

- a full list of consolidated companies;
- a list of companies classified as “unconsolidated investments”, namely:
  - investments in companies not controlled exclusively by Renault, included in non-current financial assets (note 22),
  - investments in companies that are controlled exclusively by Renault and not consolidated, classified as other current assets (note 17).

This information is available from the Group’s web-site, on the “Documents & Presentations” section of the “Finance” pages<sup>(1)</sup>.

*(1) After publication of the 2017 Registration document.*

## 4.3 STATUTORY AUDITORS' REPORTS

### 4.3.1 Statutory auditors' report on the financial statements

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

For the year ended December 31, 2017

To the Annual General Meeting of Renault,

#### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Renault for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Ethics Committee.

#### Basis for opinion

##### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the statutory auditors Responsibilities for the Audit of the financial statements section of our report.

##### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1 of regulation (EU) no. 537/2014 or in the French code of ethics (*Code de déontologie*) for statutory auditors.

##### Emphasis of Matter

We draw attention to the following matter described in notes 1 and 3.2 to the financial statements relating to the change of accounting method at January 1, 2017 by your Company following the application of the new ANC regulation 2015-05 regarding derivative financial instruments and hedging transactions. Our opinion is not modified in respect of this matter.

##### Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## Valuation of investments

### Risks identified

At December 31, 2017, investments are accounted for in Renault SA balance sheet for €18 549 million, representing one of the most significant caption of the total assets. Investments are valued at acquisition cost at the date of entry, and their recoverable value is then assessed by management as described in note 2.1 to the notes to the individual financial statements of Renault.

Renault SA has opted to account for investments in controlled companies under the equity method. The value of these investments is determined based on their contribution to the consolidated equity of Renault, and the change during the year in the overall share of shareholders' equity corresponding to these interests is included in shareholders' equity under "Equity valuation difference".

The other investments mainly relate to Renault's equity investment in Nissan. This investment is valued at the lower amount between the book value and the value in use, which takes account the share of net assets and profitability prospects of Nissan. The assessment of the recoverable value of Renault's investment in Nissan is based on expected profitability and the stock market value, and requires judgement from management.

In this context, we have considered that the valuation of the investments was a key audit matter.

### Our audit response

In order to assess the reasonableness of the value in use of investments, we mainly relied on the work performed for the purpose of the consolidated financial statement audit.

Our work mainly consisted in:

#### Regarding Renault's investments in controlled companies:

- check that the shareholders' equity in each of these investments corresponds to their contribution to the consolidated equity of Renault;
- check that Renault has performed the necessary adjustments, if any, to take into account potential impairment losses accounted for in the Group's consolidated financial statements.

#### Regarding Renault investment in Nissan:

- assess the reasonableness of the main assumptions used by Renault in the impairment test performed to confirm the recoverable value of its investment in Nissan, by referring to Nissan's stock market value, mid-term plan and historical performance and the growth prospects of the automotive sector.

## Verification of the management report and of the other documents provided to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

### Information provided in the management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

### Report on corporate governance

We confirm the existence in the Report on corporate governance of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Regarding the information on factors that your Company considered could have a potential incidence in case of public takeover or swap bid, given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have confirmed they are in accordance with the underlying documentation provided to us. Based on this work, we have no matter to report on this information.



## Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights and the cross-shareholdings has been properly disclosed in the management report.

## Report on other legal and regulatory requirements

### Appointment of the statutory auditors

We were appointed as statutory auditors of Renault by the Annual General Meeting held on April 30, 2014 for KPMG SA and by Order from the Ministry of the Economy of March 27, 1979 for Ernst & Young Audit.

As at December 31, 2017, KPMG SA was in the fourth year of total uninterrupted engagement and Ernst & Young Audit was in the thirty-ninth year of total uninterrupted engagement, of which twenty-four years since securities of the Company were admitted to trading on a regulated market.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Ethics Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### Statutory auditors' responsibilities for the audit of the financial statements

#### Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

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## FINANCIAL STATEMENTS

### STATUTORY AUDITORS' REPORTS

#### Report to the Audit, Risks and Ethics Committee

We submit a report to the Audit, Risks and Ethics Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Ethics Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit, Risks and Ethics Committee with the declaration provided for in Article 6 of regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit, Risks and Ethics Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, February 21, 2018

The statutory auditors

French original signed by

KPMG Audit  
Département de KPMG SA

ERNST & YOUNG Audit

Jean-Paul Vellutini

Laurent des Places

Aymeric de La Morandière

Bernard Heller

## 4.3.2 Statutory auditors' special report on related party agreements and commitments

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

To the Annual General Meeting of Renault,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion, as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with in Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended December 31, 2017, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

### Agreements and commitments submitted for approval to the Annual General Meeting

#### Agreements and commitments authorized and concluded during the year ended December 31, 2017

In accordance with Article L. 225-40 of the French Commercial Code (*Code de Commerce*), we have been notified of the following related party agreements and commitments which were concluded during the year and received prior authorization from your Board of Directors.

#### 1. With the French State, shareholder of your Company

##### Persons concerned

Mr Pascal Faure and Mr Martin Vial, Board members of your Company representing the French State.

##### Letter of mutual commitments in the context of the sale of Renault shares by the French State

##### Nature and purpose

In its meeting held on November 2, 2017, your Board of Directors authorized the signature of a letter of mutual commitments between your Company and the French State, following the announcement by the French State to your Company of its intention to sell 14 million Renault shares purchased in April 2015.

The letter of mutual commitments between Renault and the French State provides for, on the one hand, the sale by the French State of 1,400,000 Renault shares equivalent to 10% of assigned shares and, on the other hand, the purchase of these shares by your Company and the implementation of an offering reserved for its Group's employees and former employees.

##### Conditions

Your Board of Directors precised that your Company could acquire these shares only in the event where their price would be at most equal to the latest quotation of the Renault share at the day of the launch of placement and at €120 (which is the maximum repurchase price set by the Annual General Meeting).

According to this authorization, the letter of mutual commitments was signed by your Company and the French State on November 2, 2017. The share sale transaction was launched and closed on November 2, 2017, for a price of €86.60 per share.

The offering reserved for the Group's employees and former employees will be launched within one year from this date, according to terms and conditions which would be subsequently determined by your Board of Directors. Discounts or payment facilitations that may be granted to employees will be exclusively supported by your Company.

##### Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons:

Your Board of Directors considered that it was in your Company's interest to be part of this share transaction, for several reasons: (i) any initiative that supports and facilitates the sale of the shares acquired by the French State in 2015 is positive for the Company and for the Alliance and thus in line with your Company's interests; (ii) carrying out this transaction sends a very positive message about the consolidated trust between your Company and the French State; and (iii) this transaction gives an opportunity to strengthen employee shareholding within your Company.

## Commitments concluded in prior years submitted for approval to the Annual General Meeting on the occasion of the proposal to renew the Beneficiary's term of office

We have been notified of the following commitment authorized in prior years and submitted for approval to the Annual General Meeting pursuant to the 4<sup>th</sup> paragraph of Article L. 225-42-1 of the French Commercial Code.

### 2. With Mr Carlos Ghosn, Chairman and CEO of your Company

#### Additional pension scheme

In the context of the proposal to renew his term of office as Board member and Chairman of the Board of Directors, the pension scheme granted to Mr Carlos Ghosn is again submitted for approval to the Annual General Meeting of June 15, 2018, in accordance with the 4<sup>th</sup> subparagraph of Article L. 225-42-1 of the French Commercial Code (Code de Commerce).

This commitment, initially authorized by your Board of Directors during its meetings held on October 28, 2004 and on October 31, 2006 and confirmed during its meetings held on February 12, 2014 and February 15, 2018, has remained unchanged and, as such, has not been subject of a renewed authorization by your Board of Directors. Indeed, your Board of Directors noted that, due to its seniority within the group, Mr. Carlos Ghosn cannot acquire new conditional rights under the top-up pension scheme and consequently this commitment does not fall within the scope of the *Macron Act (Loi Macron)*, with respect to the requirement to make the acquisition of new rights subject to performance conditions.

The top-up pension scheme for the Chairman and CEO includes (i) a defined-contribution scheme and (ii) a top-up defined-benefit pension scheme.

#### (I) DEFINED-CONTRIBUTION SCHEME (ARTICLE L. 242-1 OF THE FRENCH SOCIAL SECURITY CODE)

Mr Carlos Ghosn benefits from a defined-contribution scheme; these contributions correspond to 8% of the part of his annual compensation (fixed and variable components) comprised between eight and sixteen times the annual French Social Security cap (Band D); 5% is paid by the Company and 3% by Mr Carlos Ghosn.

The Company's commitment is limited to the payment of its share of the contributions to the insurance firm managing the scheme.

#### (II) TOP-UP DEFINED-BENEFIT PENSION SCHEME (ARTICLE L. 137-11 OF THE FRENCH SOCIAL SECURITY CODE)

Mr Carlos Ghosn also benefits from a top-up defined-benefit pension scheme, arranged and financed by your Company, the management of which is outsourced to an insurance firm.

Benefiting from this scheme is subject to a seniority condition (five years minimum in the Company and at least two years in the Group Executive Committee) and a presence condition as CEO, applied as of retirement.

The reference compensation used to calculate the top-up defined-benefit pension scheme is equal to the average of the three highest gross annual compensations (fixed and variable components) over the last ten years of activity prior to retirement.

The annual amount paid into this pension scheme is equal to 10% of the reference compensation, this percentage rising by 1.4 percentage points per year of seniority in excess of five years in the Group Executive Committee, and by 0.4 percentage points per year of seniority other than in the Group Executive Committee, in the case of more than five years' seniority in the Company.

This amount is capped at 30% of the reference compensation. The reference compensation in question is capped at 65 times the annual French Social Security cap.

In any event, the total of these annual pension amounts for the Chairman and CEO may not exceed 45% of his reference compensation. If this cap is exceeded, the amount of top-up pension will be reduced accordingly.

## Agreements and commitments previously approved by the Annual General Meeting

### Agreements and commitments approved in prior years

#### A. Whose implementation continued during the year ended December 31, 2017

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2017.

##### 1. With Nissan Motor Co. Ltd

###### PERSONS CONCERNED

Mr Carlos Ghosn, Chairman and CEO of your Company, Chairman of Nissan Motor Co. Ltd. and of Renault-Nissan B.V.; Ms. Yu Serizawa, member of your Company's Board and representative of Nissan ; Mr Yasuhiro Yamauchi, member of your Company's Board and Chief Competitive Officer of Nissan Motor Co. Ltd.

### a) "Master Cooperation Agreement"

On April 6, 2010, your Company, Nissan Motor Co. Ltd., Daimler AG and Renault-Nissan B.V. entered into the "Master Cooperation Agreement" which specifies the terms and conditions of the cooperation between these companies.

In its meeting of December 13, 2013, your Board of Directors authorized the signature, on December 19, 2013, of an amendment to the "Master Cooperation Agreement", in order to extend the scope of this cooperation. This amendment has been approved by the Annual General Meeting of April 30, 2014.

### b) "Restated Alliance Master Agreement"

On March 28, 2002, your Company and Nissan Motor Co. Ltd ("Nissan") entered into the "Restated Alliance Master Agreement", which governs the capital relationship between your Company and Nissan, and frames the Alliance's current governance structure. This agreement notably specifies the operating conditions of Renault-Nissan B.V. ("RNBV") as the Alliance's strategic management entity.

An initial amendment to the "Restated Alliance Master Agreement" was signed on April 29, 2005 and submitted for the approval of the Annual General Meeting of May 4, 2006.

In its meeting of October 3, 2012, your Board of Directors authorized the signature, on November 7, 2012, of a second amendment to the "Restated Alliance Master Agreement", which modifies the composition of the RNBV Executive Board and as a result, the voting procedures within the Executive Board.

In its meeting of December 11, 2015, your Board of Directors authorized the signature of a governance agreement between your Company and Nissan Motor Co. Ltd. concerning the governance of Nissan Motor Co., which constitutes a third amendment to the "Restated Alliance Master Agreement" signed on March 28, 2002. The conditions of this third amendment to the "Restated Alliance Master Agreement", signed on December 11, 2015, concern your Company's undertaking to vote in favor of the resolutions proposed by the Board of Directors of Nissan to the Annual General Meeting of Nissan to appoint, remove from office and remunerate the members of the Board of Directors of Nissan, and to not submit to the Annual General Meeting of Nissan or vote in favor of a resolution that has not been approved by the members of the Board of Directors of Nissan. For these resolutions, your Company will vote in accordance with the recommendations of the Board of Directors of Nissan, failing which Nissan would have the ability to acquire Renault shares without prior agreement. The amendment modifies the "Restated Alliance Master Agreement" without altering its term, which remains indefinite. It has been applicable since it was entered into. This agreement has been approved by the Annual General Meeting of April 29, 2016.

The other provisions of the "Restated Alliance Master Agreement" continued for the year ended December 31, 2017 and were not amended.

## 2. With the French State

### PERSONS CONCERNED

Mr Pascal Faure and Mr Martin Vial, Board members of your Company representing the French State.

### Nature and purpose

In its meeting of December 11, 2015, your Board of Directors authorized the entry into a governance agreement between your Company and the French State concerning the restrictions to the free exercise of the voting rights of the French State in the Annual General Meeting.

### Conditions

Pursuant to the authorization granted on February 4, 2016, your Company signed an agreement with the French State whose purpose was to restrain the free exercise of the voting rights of the French State at 17.9% in certain circumstances, with this figure authorized to rise to up to 20% in the event of an unusually large quorum. The written agreement also describes the conditions for implementing these restrictions with the registrar of your Company's Annual General Meeting.

The restrictions to the free exercise of voting rights of the French State notably applies to all decisions which fall within the authority of the Ordinary Annual General Meeting, except for decisions concerning (i) dividend distributions, (ii) the appointment, renewal or removal from office of Board members representing the French State, (iii) the disposal of significant company assets, (iv) related-party agreements that are not approved by the representatives of the French State and (v) buybacks of shares from identified shareholders.

However, the French State retains all of its voting rights for decisions which fall within the authority of the Extraordinary Annual General Meeting, except for the most day-to-day decision-making such as (i) the granting or renewal of ongoing delegations to the management bodies of your Company when their conditions comply with the latter's existing practices, (ii) the granting of stock options, performance shares or shares that give access to the share capital to the benefit of employees and executive corporate officer of the Renault Group, (iii) an amendment to the age limit for the exercise of duties or to the term of office of Board members and executive corporate officer and (iv) a transfer of registered office (unless abroad).

The restrictions to the free exercise of voting rights would cease to apply in exceptional situations such as the amendment or termination of the "Restated Alliance Master Agreement" (RAMA), the exercise by Nissan Motor Co. Ltd. of voting rights in your Company, the announcement of a public offering of shares in your Company, or a shareholder crossing the threshold of 15% of capital or voting rights, including Nissan Motor Co. Ltd.

The governance agreement was entered into for a twenty-year term, renewable by tacit agreement for successive periods of ten years unless it is terminated at least two years before the expiry of the term. This agreement has been approved by the Annual General Meeting of April 29, 2016.

This agreement is applicable as from its date of signature.

**B. Which were not implemented during the year ended December 31, 2017**

In addition, we have been notified that the following agreements and commitments which were already approved by the Annual General Meeting in prior years, were not implemented during the year ended December 31, 2017.

**With Mr Carlos Ghosn, Chairman and CEO of your Company****NON-COMPETE AGREEMENT****Nature and purpose**

In its meeting held on February 11, 2015, your Board of Directors authorized the signature of a non-compete agreement between your Company and Mr Carlos Ghosn whereby he undertakes, upon termination or non-renewal of his term of corporate office as CEO, not to engage, directly or indirectly, in an activity that competes with that of the Group, whether on his own behalf or on behalf of another company. An activity that competes with the Group refers to any activity of automotive design, construction or marketing (mainly for private vehicles and commercial vehicles) carried out in the same geographical areas and sectors as that of the Group at the time of the termination of his term of office.

The Board of Directors considered notably (i) the particularly competitive nature of the market on which the Group operates, (ii) the significance of Mr Carlos Ghosn's duties and recognized competencies, (iii) the resources at his disposal, (iv) the sensitive information to which Mr Carlos Ghosn has or could have access, and (v) the relationships developed by him in the course of his term of office, and concluded on the necessity to protect the legitimate interests of the Group by introducing this non-compete clause.

**Conditions**

In return for his non-compete obligation, Mr Carlos Ghosn will receive from your Company, during the period of application of the agreement and on condition that there are no breaches thereof, a gross financial compensation equal to two years of gross total salary (including both fixed and variable salary) payable in twenty-four monthly instalments.

The Board of Directors of your Company will decide, upon the departure of Mr Carlos Ghosn, whether to apply this non-compete agreement, and may unilaterally waive the application of this clause.

Paris-La Défense, March 29, 2018

The Statutory Auditors

*French original signed by*

KPMG Audit  
Département de KPMG SA

Jean-Paul Vellutini

Laurent des Places

ERNST & YOUNG Audit

Aymeric de La Morandière

Bernard Heller

## 4.4 RENAULT SA ANNUAL FINANCIAL STATEMENTS

### 4.4.1 Summary financial statements

#### INCOME STATEMENT

<i>(€ million)</i>	2017	2016
Operating expenses	(21)	(23)
Increases to and reversals of operating provisions	(16)	(24)
<b>NET OPERATING INCOME/( EXPENSE)</b>	<b>(37)</b>	<b>(47)</b>
Investment income	1,054	943
Increases to and reversals of provisions related to investments	0	(30)
<b>INVESTMENT INCOME AND EXPENSES (NOTE 4.4.2.3)</b>	<b>1,054</b>	<b>913</b>
Foreign exchange gains	4	10
Foreign exchange losses	(16)	(20)
Increases to and reversals of provisions for foreign exchange risks	(0)	(63)
<b>FOREIGN EXCHANGE GAINS AND LOSSES (NOTE 4.4.2.4)</b>	<b>(12)</b>	<b>(73)</b>
Interest and equivalent income	2	4
Interest and equivalent expenses	(163)	(213)
Reversals of provisions and transfers of charges	47	10
Expenses on sales of marketable securities	(45)	(4)
Depreciation and provisions	(4)	(4)
<b>OTHER FINANCIAL INCOME AND EXPENSES (NOTE 4.4.2.5)</b>	<b>(163)</b>	<b>(207)</b>
<b>NET FINANCIAL INCOME</b>	<b>878</b>	<b>633</b>
<b>PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS</b>	<b>841</b>	<b>586</b>
<b>EXTRAORDINARY INCOME (NOTE 4.4.2.6)</b>	<b>1</b>	<b>715</b>
<b>INCOME TAX (NOTE 4.4.2.7)</b>	<b>95</b>	<b>81</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>937</b>	<b>1,382</b>

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## FINANCIAL STATEMENTS

RENAULT SA ANNUAL FINANCIAL STATEMENTS

## BALANCE SHEET

ASSETS (€ million)	2017			2016
	Gross	Depreciation, amortization & provisions	Net	Net
Investments stated at equity	11,488		11,488	9,751
Other investments (note 4.4.2.8)	7,095	34	7,061	7,065
Advances to subsidiaries and affiliates (note 4.4.2.9)	11,620		11,620	11,377
<b>FINANCIAL ASSETS</b>	<b>30,203</b>	<b>34</b>	<b>30,169</b>	<b>28,193</b>
<b>TOTAL FIXED ASSETS</b>	<b>30,203</b>	<b>34</b>	<b>30,169</b>	<b>28,193</b>
<b>RECEIVABLES (NOTE 4.4.2.11)</b>	<b>843</b>	<b>2</b>	<b>841</b>	<b>674</b>
<b>MARKETABLE SECURITIES (NOTE 4.4.2.10)</b>	<b>487</b>	<b>4</b>	<b>483</b>	<b>306</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>58</b>		<b>58</b>	<b>33</b>
<b>OTHER ASSETS (NOTE 4.4.2.11)</b>	<b>28</b>		<b>28</b>	<b>143</b>
<b>TOTAL ASSETS</b>	<b>31,620</b>	<b>40</b>	<b>31,580</b>	<b>29,349</b>

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	2017	2016
Share capital	1,127	1,127
Share premium	4,782	4,782
Equity valuation difference	5,672	3,935
Legal and regulatory reserves	113	113
Retained earnings	8,263	7,691
Net income for the period	937	1,382
<b>SHAREHOLDERS' EQUITY (NOTE 4.4.2.12)</b>	<b>20,894</b>	<b>19,030</b>
<b>OTHER EQUITY (NOTE 4.4.2.13)</b>	<b>130</b>	<b>130</b>
<b>PROVISIONS FOR RISKS AND LIABILITIES (NOTE 4.4.2.14)</b>	<b>354</b>	<b>403</b>
Bonds	4,667	4,646
Borrowings from credit institutions	474	612
Other loans and financial debts	4,257	3,798
<b>FINANCIAL LOANS AND DEBTS (NOTE 4.4.2.15)</b>	<b>9,399</b>	<b>9,056</b>
<b>OTHER LIABILITIES (NOTE 4.4.2.16)</b>	<b>678</b>	<b>681</b>
<b>DEFERRED INCOME (NOTE 4.4.2.17)</b>	<b>125</b>	<b>49</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>31,580</b>	<b>29,349</b>

## CASH FLOW STATEMENT

(€ million)	2017	2016
Cash flows (note 4.4.2.20)	1,004	871
Change in working capital requirements	(182)	(155)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>822</b>	<b>716</b>
Net decrease/(increase) in other investments		1,119
Net decrease/(increase) in loans	(230)	32
Net decrease/(increase) in marketable securities	(180)	(98)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(410)</b>	<b>1,053</b>
Bond issues	2,259	512
Bond redemptions	(2,012)	(1,490)
Net increase/(decrease) in other interest-bearing borrowings	295	(207)
Dividends paid to shareholders	(915)	(701)
Bond issuance expenses and redemption premiums	(15)	(1)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(388)</b>	<b>(1,887)</b>
<b>CASH AND CASH EQUIVALENTS: OPENING BALANCE</b>	<b>33</b>	<b>152</b>
Increase/(decrease) in cash and cash equivalents	24	(119)
<b>CASH AND CASH EQUIVALENTS: CLOSING BALANCE</b>	<b>57</b>	<b>33</b>



## 4.4.2 Notes to the financial statements

### 4.4.2.1 Significant events

The fiscal year ended December 31, 2017 lasted 12 months.

The net balance sheet total for the year before allocation of net income is €31,580 million.

The net accounting result is a profit of €937 million.

In 2017, Renault SA purchased 1,400,000 Renault shares from the French state for €121 million. These shares will be proposed to employees.

The new regulation ANC 2015-05 concerning financial futures and hedging operations has led to a change in method in Renault SA's individual financial statements, which apply hedging principles to the Nissan shares in yen and the dedicated borrowings in yen (EMTN issued in yen, and bonds issued in yen on the Samurai bond market). Details of the main impacts of this change in method are provided in section 4.4.2.4.

### 4.4.2.2 Accounting policies

Renault SA has drawn up its annual financial statements in accordance with the provisions of regulations 2014-03 of the ANC (Autorité des Normes Comptables), approved by the ministerial decision of September 8, 2014 concerning the French Chart of Accounts.

The rules concerning financial futures and hedging operations have been supplemented by regulation 2015-05 of July 2, 2015.

The following methods were applied in valuing balance sheet and income statement items:

#### A – Investments

In accordance with CNC (Conseil National de la Comptabilité) notice no.34 (July 1988), as an alternative to the standard valuation method for investments carried in the balance sheet, Renault SA has opted to state investments in wholly-controlled companies at equity:

- this method is applied to all companies that are fully consolidated in the Group's financial statements;
- the shareholders' equity of these companies is determined under the accounting policies applied in the consolidated financial statements; as this is a valuation method, intercompany eliminations are not taken into account;
- in valuing a subsidiary, its holdings in companies wholly controlled by the Group are valued in the same way;
- the change during the year in the overall percentage of shareholders' equity corresponding to these interests is not a profit or loss item; it is included in shareholders' equity under "Equity valuation difference". This amount cannot be distributed or used to offset losses. When it is negative, a provision for general depreciation is established as a charge against income.

Investments in companies not wholly controlled by Renault SA are valued at acquisition cost, less related expenses, or at their book value if this is lower. The book value takes account of the share of net assets and

profitability prospects. Provisions are established when the book value of the investments is lower than the gross value.

#### B – Advances to subsidiaries and affiliates

Loans granted and receivables relating to subsidiaries and affiliates are recorded at historical cost. Impairment is recognized when there is a risk that these advances will not be recovered.

#### C – Marketable securities

Marketable securities are valued at acquisition cost, excluding related expenses and accrued interest for bonds, or at market value if this is lower.

Treasury shares held for the purposes of free share plans and stock option plans are included in marketable securities. These shares are covered by a provision for expenses, corresponding to the difference between the value of the shares (acquisition price or net book value at the date of reallocation) and the exercise price of the options for beneficiaries, when that exercise price is lower than the acquisition cost.

Treasury shares not allocated to a specific plan are also included in marketable securities. Impairment is recorded if the stock market price falls below the book value.

#### D – Loan costs and issuance expenses

Loan costs, including issuance expenses, and bond redemption premiums, which are recorded in Other assets, are amortized on a straight-line basis over the corresponding duration.

#### E – Translation of foreign currency receivables and liabilities

Receivables and liabilities denominated in foreign currencies are translated as follows:

- all receivables and liabilities in foreign currencies are converted at the year-end exchange rate;
- exchange differences arising between the date of transactions and December 31 are recorded in Other assets and Deferred income (translation adjustment);
- a provision for risk equal to the unrealized exchange losses is established after determining an overall foreign exchange position for each currency (including derivatives);
- unrealized losses affecting the Nissan hedge are no longer covered by provisions in the income statement. Under regulation ANC 2015-05, no provisions are recorded in the income statement for unrealized losses on the hedging instrument until the hedged cash flows are realized (date of liquidation or sale of the investment).

#### F – Provisions for risks and liabilities

Provisions for risks and liabilities are defined in accordance with CRC regulation 2000-06. They are established for probable payment obligations existing at the year-end. A contingent liability, in contrast, is an obligation that is neither probable nor definite at the date the financial statements

are established, or a probable obligation that cannot be reliably estimated. Provisions are not established for contingent liabilities, but an off-balance sheet commitment is reported where relevant.

## G – Derivatives

Gains and losses on derivatives designated as hedges are recorded in the income statement in the same way as the revenues and expenses relating to the hedged item.

Derivatives in Isolated Open Position (IOP) are adjusted to fair value at each closing date. Any resulting unrealized loss is recognized in the income statement, while unrealized gains are not recognized in income.

The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates). The fair value of interest rate derivatives is the amount the Group would receive

(or pay) to settle outstanding contracts at the closing date, taking year-end market conditions into consideration. The market value of derivatives is not recognized in the balance sheet.

Following application of regulation ANC 2015-05 from January 1, 2017, realized foreign exchange gains and losses on the borrowings set up for the Nissan hedge are no longer recognized in the income statement. They are recorded in specific accounts in other assets or other liabilities, and the accumulated amounts in the balance sheet will be transferred to the income statement at the date of liquidation or sale of the investment.

## H – Net exceptional items

Exceptional items are revenues and expenses resulting from events or transactions that are clearly distinct from the Company's normal business operations, and are not expected to recur on a frequent or regular basis.

### 4.4.2.3 Investment income and expenses

Investment income breaks down as follows:

(€ million)	2017	2016
Dividends received from Nissan Motor Co. Ltd.	710	728
Dividends received from Daimler	53	53
Dividends received from Renault s.a.s.	175	
Other dividends received	58	94
Interest on loans	57	68
Increases to and reversals of provisions related to subsidiaries and affiliates	0	(30)
<b>TOTAL</b>	<b>1,054</b>	<b>913</b>

All interest on loans concerns Group subsidiaries.

### 4.4.2.4 Foreign exchange gains and losses

Foreign exchange gains and losses in 2017 amount to -€12 million (-€74 million in 2016), and comprise the following:

- a foreign exchange loss of €2 million on renewal of the bond issued on June 6, 2014 (nominal value ¥75 billion);
- a foreign exchange gain of €2 million on treasury notes (mainly in USD and GBP);
- a foreign exchange loss of €9 million on redemption of a swap related to the bond issued on July 6, 2017 (nominal value ¥40 billion);

- a foreign exchange loss of €2 million on redemption of the swap related to the bond issued on December 11, 2014 (nominal value 500 million renminbi yuan).

Application of regulation ANC 2015-05 has led to reclassify the provision for unrealized foreign exchange losses on the Nissan hedge (€106 million), while the unrealized impacts remain on the balance sheet at the amount of €1 million (see note 4.4.2.12).

Application of this regulation at December 31, 2016 would have resulted in reclassification of the provision for unrealized losses on the Nissan hedge (€40 million), while the unrealized impacts would have remained on the balance sheet at the amount of €106 million.

### 4.4.2.5 Other financial income and expenses

Other financial income and expenses generated a net loss of €163 million in 2017 (compared to a loss of €207 million in 2016) and mainly comprise net interest payments of €163 million on Renault borrowings after swaps and €2 million of income relating to receivables.

Details of interest paid and other similar expenses are as follows:

(€ million)	2017	2016
Net accrued interest after swaps on bonds*	(105)	(147)
Net accrued interest after swaps on borrowings from credit institutions	(10)	(14)
Accrued interest on termination of borrowings from subsidiaries	(12)	(7)
Accrued interest on redeemable shares	(19)	(18)
Other financial expenses	(0)	(3)
Other (treasury notes and brokers' commissions)	(16)	(24)
<b>TOTAL</b>	<b>(163)</b>	<b>(213)</b>

\* The net interest on bonds comprises accrued and paid interest amounting to €109 million (€170 million in 2016), and accrued and received interest on swaps amounting to €4 million (€23 million in 2016).

In 2017, the €105 million of interest received and paid mainly comprise:

- €33 million on the bond issued on September 19, 2013;
- €28 million on the bond issued on September 18, 2012 and December 5, 2012;
- €16 million on the bond issued on March 5, 2014;
- €6 million on the bond issued on March 22, 2010;
- €6 million on the bond issued on March 8, 2017;
- €5 million on the bond issued on November 26, 2015;
- €4 million on the bond issued on December 11, 2014;
- €3 million on the bond issued on June 6, 2014.

The net interest receivable on the swapped portion of bonds and borrowings from credit institutions amounted to €1 million: €11 million on the paying leg and €12 million on the receiving leg.

### 4.4.2.6 Extraordinary results

In 2016, Renault SA booked an exceptional gain of €715 million on the sale of some of its Nissan shares under Nissan's share repurchase program. This operation did not affect Renault SA's percentage holding in Nissan, which remained at 43.40%. There were no extraordinary operations in 2017.

### 4.4.2.7 Income tax

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this regime has applied to the group in which Renault SA is taxed in France since January 1, 2004. French subsidiaries that are more than 95% owned by Renault SA pay their income taxes directly to the head of the tax group under this regime. Each entity included in the domestic tax consolidation records its theoretical taxes as if it was taxed separately. The tax saving generated by this system is treated as income for Renault SA, the company heading the group of entities concerned. Since the Renault tax group, applies the principle of neutrality, Renault SA is not obliged to reallocate or reimburse the subsidiaries for the tax savings resulting from utilization of their tax losses.

The maximum allowable amount of losses carried forward against taxable income is €1 million plus 50% of the taxable income above that amount. The balance can be carried forward indefinitely.

These rules are applicable:

- for determining the income/loss of the tax consolidation group;
- by convention, for determining the income/loss of each company included in the tax consolidation serving as a base for their calculation of income tax.

These rules on tax loss carryforwards apply to all losses existing at the year-end, whatever their origin.

In practice, Renault SA charged €15 million in deficits for the determination of its 2017 taxable income, which amounts after this charge to €361 million (€14 million at the normal rate and €347 million at the reduced rate).

The amended Finance Law for 2017, law 2017-1640 of December 1, 2017 introduced an exceptional contribution of 15% of income tax for companies with over €1 billion in revenues, and an additional 15% contribution for companies with over €3 billion in revenues. This raises the rate of the exceptional contribution to 30% of income tax. This measure is applicable for financial years ending until December 30, 2018. This contribution is due:

- on income tax at the normal rate or reduced rate payable by the tax consolidation group;
- by convention, on income tax at the normal rate or reduced rate payable by the companies included in the tax consolidation group to Renault SA.

The income generated by income taxes in 2017 was €113 million, corresponding to the income tax paid by the subsidiaries of Renault SA as if they were taxed separately.

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## FINANCIAL STATEMENTS

RENAULT SA ANNUAL FINANCIAL STATEMENTS

Details of the tax charge related to the year are as follows:

(€ million)	Pre-tax income	Taxes				Net income		
		Theoretical	Netting	Credit generated	Tax credit	Net tax due	Theoretical	As booked
Current income subject to normal rate	841	38	(19)		(8)	11	811	830
Extraordinary income	1							1
Tax consolidation						(113)		113
Allocations/provisions						1		1
Other						6		(6)
<b>TOTAL</b>	<b>842</b>	<b>38</b>	<b>(19)</b>		<b>(8)</b>	<b>(95)</b>	<b>811</b>	<b>937</b>

Details of Renault SA's deferred tax position are as follows:

(€ million)	2017		2016		Change	
	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>
<b>Temporarily non-deductible expenses</b>						
Provisions for risks and liabilities	7		61		(54)	
<b>Temporarily non-taxable income</b>		3		20		(17)
<b>Expenses deducted (or taxed income) not yet recognized for accounting purposes</b>	41	2	7	43	34	(41)
<b>TOTAL</b>	<b>48</b>	<b>6</b>	<b>68</b>	<b>63</b>	<b>(20)</b>	<b>(57)</b>

(1) i.e. future tax credit.

(2) i.e. future tax charge.

### 4.4.2.8 Other investments

Changes during the year were as follows:

(€ million)	At start of year	Change over the year	At year-end
Investment in Nissan Motor Co. Ltd.	6,217		6,217
Investment in RNBV	12		12
Investment in Daimler	584		584
Investment in DRAC	282		282
<b>TOTAL GROSS</b>	<b>7,095</b>		<b>7,095</b>
Provisions for impairment of other investments	(30)	(4)	(34)
<b>TOTAL, NET</b>	<b>7,065</b>	<b>(4)</b>	<b>7,061</b>

The impairment recognized relates to Dongfeng Renault Automotive Company.

### 4.4.2.9 Advances to subsidiaries and affiliates

Changes during the year were as follows:

(€ million)	At start of year	Increases	Decreases	At year-end
Dividends receivable <sup>(2)</sup>	11	15	(6)	20
Loans	11,370	3,884	(3,654)	11,600
<b>TOTAL GROSS<sup>(1)</sup></b>	<b>11,381</b>	<b>3,900</b>	<b>(3,660)</b>	<b>11,620</b>
Provisions for impairment of other investments	(4)	0	4	(0.20)
<b>TOTAL, NET</b>	<b>11,377</b>	<b>3,900</b>	<b>(3,656)</b>	<b>11,620</b>
(1) Current portion (less than one year)	11,358			11,603
Long-term portion (over 1 year)	23			17

(2) Net of foreign exchange revaluations.

Loans include:

- €7,524 million in short-term investments with Renault Finance (€7,584 million in 2016);
- €6 million in long-term loans to Renault s.a.s. (€12 million in 2016);
- €4,070 million in current accounts resulting from centralized cash management agreements with Group subsidiaries (€3,774 million in 2016).

All loans relate to Group subsidiaries.

#### 4.4.2.10 Marketable securities

Marketable securities include €483 million for Renault SA's treasury shares.

Changes in treasury shares were as follows:

	At start of year	Options exercised and awards	Shares purchased	Transfers to other financial assets	Impairment (reversals)	At year-end
Number of shares	4,649,545	1,021,190	2,786,000			6,414,355
Shares allocated <sup>(1)</sup>	303	(50)	109	(5)		358
Shares not allocated <sup>(2)</sup>	3		121	5		129
<b>Gross value (€ million)</b>	<b>306</b>	<b>(50)</b>	<b>230</b>	<b>0</b>		<b>487</b>
<b>Impairment (€ million)</b>					<b>(3)</b>	<b>(3)</b>
<b>TOTAL (€ million)</b>	<b>306</b>	<b>(50)</b>	<b>230</b>	<b>0</b>	<b>(3)</b>	<b>483</b>

(1) On April 2017, Renault SA purchased 1,386,000 shares for €109 million to cover the 2017 performance share plan (Plan 24).

(2) On November 3, 2017, the French State announced the closing of its sale of 4.73% of the share capital of Renault (i.e. 14 million shares) through an institutional placement with accelerated book building.

In accordance with the applicable regulations, by decision of the Board of Directors' Renault acquired 10% of the shares sold by the French State (1,400,000 shares) at the placement price (€121 million), in preparation

for an offering reserved for current and former Groupe Renault employees that will enable them to share in the Group's results.

This employee offering will be made within one year, on terms to be decided by the Board of Directors.

#### 4.4.2.11 Receivables and other assets

Receivables mainly comprise:

- an unbilled receivable of €286 million for performance shares (€245 million in 2016), under the re-invoicing agreement between Renault SA and Renault s.a.s. introduced in 2012;
- tax receivables:

(€ million)	At start of year	Increases	Decreases	At year-end
<b>Tax receivables</b>				
Deposit: Income tax	0	18	0	18
CIR: Research Tax Credit	359	150	(144)	365
CICE: Tax Credit	51	60	(50)	61
Other tax receivables	19	7	(8)	17
<b>TOTAL GROSS*</b>	<b>429</b>	<b>235</b>	<b>(202)</b>	<b>462</b>
<b>Provision for impairment</b>				
CIR: Research Tax Credit	(1)	1	(1)	(1)
CICE: Tax Credit	0	0	(1)	(1)
<b>TOTAL</b>	<b>(1)</b>	<b>1</b>	<b>(2)</b>	<b>(2)</b>
<b>TOTAL NET</b>	<b>428</b>	<b>236</b>	<b>(204)</b>	<b>460</b>
* Current portion (less than one year)	62			81
Long-term portion (over 1 year)	367			381

The increases mainly concern the Research Tax Credit (€150 million) and the Tax Credit for Competitiveness and Employment (€60 million).

The decreases principally result from the assignment of €144 million of the 2014 Research Tax Credit receivable and €50 million of the 2016 CICE receivable.

# 4

## FINANCIAL STATEMENTS

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The major components of Other assets are:

(€ million)	At start of year	Increases	Decreases	At year-end
<b>Other assets</b>				
Other receivables	16	95	(6)	105
Deferred charges	12	6	(5)	13
Redemption premiums	1	8	(1)	8
Unrealized losses	129	6	(129)	6
<b>TOTAL*</b>	<b>158</b>	<b>115</b>	<b>(141)</b>	<b>132</b>
* Current portion (less than one year)	129			6
Long-term portion (over 1 year).	29			126

- deferred charges consisting of final payments and issuance expenses on various loans;
- redemption premiums on several long-term loans (5 to 7 years);
- translation adjustments resulting from unrealized foreign exchange losses, covered by provisions, on loans issued in yen;
- the change in other receivables mainly consists of the translation adjustment on the borrowings set up for the Nissan hedge, which is accumulated in the balance sheet in application of regulation ANC 2015-05.

### 4.4.2.12 Shareholders' equity

Changes in shareholders' equity were as follows:

(€ million)	Balance at start of year	Allocation of 2016 net income	Dividends	2017 Net income	Other	Balance at year-end
Share capital	1,127					1,127
Share premium	4,782					4,782
Equity valuation difference	3,935				1,737	5,672
Legal and tax basis reserves	113					113
Retained earnings	7,691	1,382	(916)		106	8,262
Net incomes	1,382	(1,382)		937		937
<b>TOTAL</b>	<b>19,030</b>	<b>0</b>	<b>(916)</b>	<b>937</b>	<b>1,842</b>	<b>20,894</b>

Non-distributable reserves amounted to €5,785 million at December 31, 2017.

The change in retained earnings mainly consists of allocation of the 2016 net income and a reversal of a provision for foreign exchange risks established at December 31, 2016 on borrowings set up for the Nissan hedge, in application of regulation ANC 2015-05.

The change in equity valuation difference mainly consists of the evolution of the value of Renault s.a.s. shares under the equity method for €1,692 million, and of Dacia shares valued under the equity method for €50 million.

Renault SA's ownership structure was as follows at December 31, 2017:

	Ownership structure		Voting rights	
	Number of shares held	% of du capital	Number	%
French State	44,387,915	15.01%	88,775,830	28.67%
Employees	9,874,840	3.34%	18,535,931	5.99%
Treasury shares	6,414,355	2.17%		
Nissan	44,358,343	15.00%		
Daimler AG	9,167,391	3.10%	18,334,782	5.92%
Others	181,519,440	61.38%	183,981,012	59.42%
<b>TOTAL</b>	<b>295,722,284</b>	<b>100%</b>	<b>309,627,555</b>	<b>100%</b>

The par value of the Renault SA share is €3.81.

## Stock option and performance share plans

The Board of Directors periodically awards performance shares to Group executives and managers, with vesting and holding periods specific to each plan. Until 2012, it also periodically granted stock options, each with their own price conditions and exercise periods. All plans include performance conditions which determine the number of options or shares granted to beneficiaries. Loss of the benefit of stock options or performance shares follows the applicable regulations: all options and rights are forfeited in

the event of resignation or termination, and a decision is made for each individual case when an employee leaves at the Company's instigation.

The Board of Directors also decided that some of the Chairman and CEO's variable compensation for a given year would be converted into shares that will vest subject to conditions of performance and continued employment at Renault from 2013 onwards, while the continued employment condition only applies from 2016 onwards.

## A – Changes in the number of stock options and performance share allocation rights held by personnel

	Stock options			Share rights <sup>(1)</sup>
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	
Options outstanding and rights not yet vested at January 1, 2017	430,049	37		4,165,297
Granted				1,450,328
Options exercised or vested rights	(130,710) <sup>(2)</sup>		50 <sup>(3)</sup>	(890,480) <sup>(4)</sup>
Options and rights expired and other adjustments				(139,296)
<b>Options outstanding and rights not yet vested at December 31, 2017</b>	<b>299,339</b>	<b>37</b>		<b>4,585,849</b>

(1) The figures include stock options awarded as part of the Chairman and CEO's performance-related remuneration.

(2) Stock options exercised in 2017 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.

(3) Price at which the shares were acquired by the Group to cover future exercise of options.

(4) Performance shares vested mainly relate to plan 21 introduced in 2014.

## B – Stock options

For plans current in 2017, options attributed vest after a period of 4 years, and the exercise period then covers the 4 following years:

Plan	Type of plan	Grant date	Exercise price (€)	Options outstanding at December 31, 2017	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	133,018	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	38,800	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	127,521	December 13, 2016 – December 12, 2020
<b>TOTAL</b>				<b>299,339</b>	

## C – Performance share plans

Vesting and minimum holding periods are different depending on whether beneficiaries are French tax residents or tax residents of other countries, in order to take account of local tax constraints.

The vesting period for shares awarded to French tax residents is 3 years followed by a minimum holding period of 2 years, reduced to 1 year for plans introduced from 2016.

For non-French tax residents, the vesting period is 4 years and there is no minimum holding period.

Plan	Type of plan	Grant date	Share rights awarded at December 31, 2017	Vesting date	Holding period
Plan 21 <sup>(1)</sup>	Performance shares	February 12, 2014	- 303,590	February 12, 2017 <sup>(2)</sup> February 12, 2018	February 12, 2017 – February 12, 2019 None
Plan 22 <sup>(1)</sup>	Performance shares	February 11, 2015	1,017,730 383,801	February 11, 2018 February 11, 2019	February 11, 2018 – February 11, 2020 None
Plan 23 <sup>(1)</sup>	Performance shares	April 29, 2016	983,600 360,800	April 29, 2019 April 29, 2020	April 29, 2019 – April 29, 2020 None
Plan 23 bis	Performance shares	July 27, 2016	100,000	July 27, 2020	None
Plan 24 <sup>(1)</sup>	Performance shares	February 9, 2017	1,002,310 434,018	February 9, 2020 February 9, 2021	February 9, 2020 – February 9, 2021 None
<b>TOTAL</b>			<b>4,585,849</b>		

(1) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.

(2) The performance shares concerned by these plans were issued to beneficiaries in 2017.

#### 4.4.2.13 Other equity

Other equity consists of redeemable shares, issued in October 1983 and April 1984 by Renault SA, which can be redeemed with a premium on the sole initiative of Renault SA. They earn a minimum annual return of 9% comprising a fixed portion (6.75%) and a variable portion, equal to at least 2.25%, that depends on consolidated revenues and is calculated based on identical structure and methods.

797,659 redeemable shares remained on the market at December 31, 2017, for a total of €130 million including accrued interest. These shares are listed on the Paris Stock Exchange. The market price for redeemable shares with par value of €153 was €695.00 at December 31, 2017 (€543.90 at December 31, 2016).

The 2017 return on redeemable shares, amounting to €19 million (€18 million in 2016) is included in interest and equivalent expenses.

#### 4.4.2.14 Provisions for risks and liabilities

Provisions for risks and liabilities break down as follows:

(€ million)	At start of year	Increases	Decreases	At year-end
Foreign exchange losses	109	3	(109)	3
Provisions for expenses*	290	110	(52)	348
Other provisions for risks	4	0	(2)	3
<b>TOTAL</b>	<b>403</b>	<b>113</b>	<b>(163)</b>	<b>354</b>
<i>Current (less than 1 year)</i>	109			3
<i>Long-term (over 1 year)</i>	294			351

\* An expense provision of €348 million was booked at December 31, 2017 (€290 million at December 31, 2016) after it was decided to allocate free existing shares. Under a re-invoicing agreement introduced between Renault SA and Renault s.a.s., a €286 million share of this provision is considered as an unbilled receivable on the subsidiary Renault s.a.s. (€245 million in 2016).

Each known litigation in which Renault SA is involved is examined at year-end. After seeking the opinion of legal and tax advisors, the provisions deemed necessary are, where appropriate, established to cover the estimated risk.

#### 4.4.2.15 Financial loans and borrowings

##### A – Bonds

Bonds amounted to €4,667 million at December 31, 2017 (€4,646 million at December 31, 2016).

The principal changes in bonds over 2017 were as follows:

- issuance on March 8, 2017 of a 6-year bond (EMTN 49) with total nominal value of €750 million, at the fixed rate of 1.00%;
- issuance on April 11, 2017 of a 3-year bond (EMTN 50) with total nominal value of ¥7 billion, at the fixed rate of 0.5138%;

- issuance on July 6, 2017 of a bond with total nominal value of ¥90 billion, with two tranches: the first (Samurai 19) for 3 years with nominal of ¥63.4 billion at the fixed rate of 0.36% and the second (Samurai 20) for 5 years with nominal of ¥26.6 billion at the fixed rate of 0.50%;
- issuance on November 28, 2017 of an 8-year bond (EMTN 51) with total nominal value of €750 million, at the fixed rate of 1.00%;
- redemption on March 22, 2017 of a 7-year bond (EMTN 32) issued on March 22, 2010 with total nominal value of €500 million at the fixed rate of 5.625%;



- redemption on April 15, 2017 of a 3-year bond (EMTN 45) issued on April 15, 2014 with total nominal value of ¥7 billion at the fixed rate of 1.19% (swapped to euros at the floating rate Euribor 3M+142.9bp);
- redemption on April 27, 2017 of a 10-year bond (EMTN 23) issued on April 27, 2007 with total nominal value of €10 million at the floating rate of CMS 10 years+5bp (swapped to euros at the floating rate Euribor 3M+55bp);
- redemption on June 6, 2017 of the second tranche (Samurai 16) for a nominal value of ¥75 billion of a bond issued on June 6, 2014 with total nominal value of ¥150 billion. This second tranche had a maturity of 3 years and a fixed rate of 1.27%. The first tranche (Samurai 15) was redeemed on June 6, 2016 for a nominal ¥75 billion, a maturity of 2 years and a fixed rate of 1.09%;
- redemption on September 18, 2017 of a 5-year bond (EMTN 38) with total nominal value of €850 million at the fixed rate of 4.625%, whose primary strain has been issued on September 18, 2012 with a nominal value of €600 million, increased on December 5, 2012 by €250 million;
- redemption on December 11, 2017 of a 3-year bond (EMTN 46) issued on December 11, 2014 with total nominal value of 500 million renminbi at the fixed rate of 4.375% (swapped to renminbi at the floating rate Hibor 3M+124bp).

## BREAKDOWN BY MATURITY

(€ million)	December 31, 2017						
	Total	<1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	>5 yrs
Nominal value	4,636	1,421	496	522	500	197	1,500
Accrued interest	31	31					
<b>TOTAL</b>	<b>4,667</b>	<b>1,452</b>	<b>496</b>	<b>522</b>	<b>500</b>	<b>197</b>	<b>1,500</b>

(€ million)	December 31, 2016						
	Total	<1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	>5 yrs
Nominal value	4,589	2,086	1,460	543	0	500	0
Accrued interest	57	57					
<b>TOTAL</b>	<b>4,646</b>	<b>2,143</b>	<b>1,460</b>	<b>543</b>	<b>0</b>	<b>500</b>	<b>0</b>

## BREAKDOWN BY CURRENCY

(€ million)	December 31, 2017		December 31, 2016		
	Before derivatives	After derivatives	Before derivatives	After derivatives	
Euro		2,929	3,028	2,814	2,963
Yen		1,738	1,639	1,763	1,614
Cny				69	69
<b>TOTAL</b>		<b>4,667</b>	<b>4,667</b>	<b>4,646</b>	<b>4,646</b>

## BREAKDOWN BY INTEREST RATE TYPE

(€ million)	December 31, 2017	December 31, 2016
	After derivatives	After derivatives
Fixed Rate	4,667	4,170
Floating Rate		476
<b>TOTAL</b>	<b>4,667</b>	<b>4,646</b>

## B – Borrowings from credit institutions

Borrowings from credit institutions stood at €474 million at December 31, 2017 (€612 million at December 31, 2016) and are mainly contracted on the market.

The principal changes in loans over 2017 were as follows:

- redemption on May 15, 2017 of a 5-year loan with total nominal value of €50 million at the floating rate Euribor 3M+300bp;

- partial redemption on May 30, 2017 of a 6-year loan with nominal value of €74 million (initial nominal value of €300 million at the fixed rate of 2.156% swapped to the floating rate of Eonia +171.5 bp), the nominal remaining amount at December 31, is €153 million;
- subscription on June 9, 2017 of a 4-year loan with total nominal value of €75 million at the floating rate Euribor 3M+50bp;
- redemption on July 3, 2017 of a 5-year loan with total nominal value of €80 million at the floating rate Euribor 3M+275bp).

**BREAKDOWN BY MATURITY**

(€ million)	December 31, 2017						
	Total	<1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	>5 yrs
Nominal value	470	217	83	95	0	75	0
Accrued interest	4	4					
<b>TOTAL</b>	<b>474</b>	<b>221</b>	<b>83</b>	<b>95</b>	<b>0</b>	<b>75</b>	<b>0</b>

(€ million)	December 31, 2016						
	Total	<1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	>5 yrs
Nominal value	606	211	217	83	95	0	0
Accrued interest	6	6					
<b>TOTAL</b>	<b>612</b>	<b>217</b>	<b>217</b>	<b>83</b>	<b>95</b>	<b>0</b>	<b>0</b>

**BREAKDOWN BY CURRENCY**

(€ million)	December 31, 2017		December 31, 2016	
	Before derivatives	After derivatives	Before derivatives	After derivatives
Euro	474	474	612	612
Other currencies				
<b>TOTAL</b>	<b>474</b>	<b>474</b>	<b>612</b>	<b>612</b>

**BREAKDOWN BY INTEREST RATE TYPE**

(€ million)	December 31, 2017	December 31, 2016
	After derivatives	After derivatives
Fixed Rate	107	113
Floating Rate	367	499
<b>TOTAL</b>	<b>474</b>	<b>612</b>

**C – Other loans and financial debts**

Other loans and financial debts amounted to €4,257 million at December 31, 2017 (€3,798 million in 2016), and principally comprise:

- €3,648 million in borrowings from Group subsidiaries with surplus cash;
- €609 million in treasury notes.

No loans or financial debts are secured or have a duration over 1 year.

**D – Liquidity risk**

The Group's Automotive operating segment needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its debt, and this exposes it to a liquidity risk in the event of market closure or tensions over credit availability. As part of its centralized cash management policy, Renault SA handles most refinancing

for the Automotive operating segment via the capital markets through long-term resources (bond issues, private placements) and short-term financing such as treasury notes, or by bank financing.

Renault SA also has confirmed credit agreements with banking establishments (see note 4.4.2.18).

The contractual documentation for these financing arrangements and credit agreements contains no clause that might adversely affect credit availability as a result of a change in Renault's credit rating or financial ratio compliance.

Given the available cash reserves, confirmed credit lines unused at the year-end, and the prospects for renewal of short-term financing, Renault SA has sufficient financial resources to cover its commitments over a 12-month horizon.

#### 4.4.2.16 Other liabilities

Changes in other liabilities were as follows:

(€ million)	At start of year	Variation	At year-end
Tax liabilities	675	(3)	672
Liabilities related to other assets	5	0	5
Other liabilities	1	0	1
<b>TOTAL *</b>	<b>681</b>	<b>(3)</b>	<b>678</b>
* Current portion (less than one year)	681		678
Long-term portion (over 1 year).	0		0

The variation in tax liabilities is mainly due to a €1 million increase in the subsidiaries' tax liability and €3 million decrease in the tax consolidation.

#### 4.4.2.17 Deferred income

Deferred income mainly comprises unrealized foreign exchange gains on borrowings issued in yen or swapped to yen, totalling €125 million.

#### 4.4.2.18 Financial instruments

##### A – Management of exchange and interest rate risk

The corresponding commitments, expressed in terms of notional amount where appropriate, are shown below:

At December 31 (€ million)	2017	2016
<b>FOREIGN EXCHANGE RISKS:</b>		
<b>Currency swaps</b>		
Purchases	99	148
Of which Renault Finance	99	148
Sales	96	162
Of which Renault Finance	96	162
<b>Other forward exchange contracts and options</b>		
Purchases	317	459
Of which Renault Finance	317	459
Sales	322	481
Of which Renault Finance	322	481
<b>INTEREST RATE RISKS:</b>		
<b>Interest rate swaps</b>	<b>384</b>	<b>550</b>
Of which Renault Finance	384	550

##### Currency risk

Transactions undertaken to manage exchange rate exposure principally comprise currency swaps and forward currency operations to hedge financing contracted in foreign currencies, other than financing in yen. Renault SA also carries out forward currency sales to hedge loans to subsidiaries denominated in foreign currencies.

##### Interest rate risk

Renault SA carries most of the Group's indebtedness. Its interest rate risk management policy applies two basic principles: long-term investments use fixed-rate financing, and investments for liquidity reserves use floating-rate financing. The financing in yen undertaken as part of the hedge of Nissan equity is fixed-rate.

Renault SA uses derivatives to implement the above interest rate and exchange risk management policies. These operations are undertaken with Renault Finance, a fully-owned Groupe Renault subsidiary.

## B – Fair value of financial instruments

The carrying amounts in the balance sheet and the estimated market values of Renault SA's financial instruments are as follows:

At December 31 (€ million)	2017		2016	
	Balance sheet value	Fair value	Balance sheet value	Fair value
<b>ASSETS</b>				
Marketable securities, gross <sup>(1)</sup>	487	538	307	393
Loans	11,600	11,606	11,370	11,382
Differences in valuations on treasury instruments	95	95		
Cash and cash equivalents	58	58	33	33
<b>LIABILITIES</b>				
Redeemable shares	130	554	130	434
Bonds	4,667	4,734	4,646	4,811
Other interest-bearing borrowings <sup>(2)</sup>	4,732	4,741	4,410	4,429

(1) Including treasury shares.

(2) Excluding redeemable shares.

## C – Estimated fair value of off-balance sheet financial instruments

At December 31 (€ million)	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Forward exchange rate	0	(6)	3	(25)
Of which Renault Finance	0	(6)	3	(25)
Currency swaps	0	(3)	14	0
Of which Renault Finance	0	(3)	14	0
Interest rate swaps	3	(3)	6	(7)
Of which Renault Finance	3	(3)	6	(7)

### Assumptions and methods adopted

Estimated fair values are based on information available on the markets and appropriate valuation methods for each type of instrument.

When the financial instrument is listed on an active and liquid market, the last listed price is used to calculate the market value. For unlisted instruments, market value is determined based on recognized valuation models that refer to observable market parameters. If Renault SA has no valuation tools, particularly for complex products, valuation is carried out by quality financial institutions.

The main assumptions and valuation methods are as follows:

- **financial assets:**

- **marketable securities:** the fair value of securities is determined mainly by reference to market prices,
- **loans and advances to subsidiaries and affiliates:** for loans with original maturity of less than three months and floating-rate loans and advances to subsidiaries and affiliates, the value recorded in the balance sheet is considered to be the fair value. Other fixed-rate

loans have been measured by discounting future cash flows using the risk-free rates offered to Renault SA at December 31, 2017 and December 31, 2016 for loans with similar conditions and maturities;

- **liabilities:** the fair value of financial liabilities is determined by discounting future cash flows at available risk-free rates plus the credit spread of the borrower at December 31, 2017 and December 31, 2016 for borrowings with similar conditions and maturities. The fair value of redeemable shares is based on their year-end stock market value;
- **off-balance sheet foreign exchange instruments:** The fair value of forward contracts and currency swaps is determined by discounting future cash flows, using market curves (exchange and risk-free interest rates) respectively at December 31, 2017 and December 31, 2016 for the contracts' residual terms;
- **off-balance sheet interest rate instruments:** the fair value of interest rate swaps represents the amount Renault SA would receive (or pay) if it settled outstanding contracts at the end of the year. Unrealized capital gains or losses, determined on the basis of prevailing interest rates for each contract, are taken into account at December 31, 2017 and December 31, 2016.

### 4.4.2.19 Commitments given and received

Off-balance-sheet commitments are as follows:

(€ million)	2017		2016	
	Total	Concerning related companies	Total	Concerning related companies
<b>Commitments received</b>				
Guarantees and deposits				
Unused credit lines	3,405		3,305	
<b>TOTAL</b>	<b>3,405</b>		<b>3,305</b>	
<b>Commitments given</b>				
Guarantees and deposits	796	781	646	631
Unused opened credit lines	380	380	650	650
<b>TOTAL</b>	<b>1,176</b>	<b>1,161</b>	<b>1,296</b>	<b>1,281</b>

As part of the management of RCI Banque's major risk ratio, Renault SA entered into a pledging agreement in 2010 for a deposit of €550 million by Renault SA with RCI Banque. This was increased to €700 million in 2017.

In 2011, Renault SA acted as guarantor, with joint and several liability, against default by Renault Tanger Exploitation (the debtor) and undertook a commitment to pay Renault Tanger Méditerranée (the beneficiary) all the amounts due under the sublease, i.e. rents and charges for one year (€81 million).

There are no restrictive clauses on credit lines opened but unused.

The forward sales and swaps undertaken by Renault SA are described in note 4.4.2.18 – Management of exchange and interest rate risk.

As part of the ongoing procedure in France on the issue "emissions", Renault took note of the opening of a judicial inquiry. This new stage in the proceedings indicates the prosecutor's wish to continue the investigations. No provision has been made in the accounts at December 31, 2017 (or December 31, 2016).

## Other information

### 4.4.2.20 Cash flow

Cash flow is determined as follows:

(€ million)	2017	2016
Net income	937	1,382
Increases to provisions and deferred charges	6	7
Net increase to provisions for risks and liabilities	57	170
Net increases to provisions for impairment	3	26
Net profit on assets sold	0	(715)
<b>TOTAL</b>	<b>1,004</b>	<b>871</b>

### 4.4.2.21 Workforce

Renault SA has no employees.

### 4.4.2.22 Directors' fees

Directors' fees amounted to €1,200,000 in 2017 (€1,068,342 paid for 2016), of which €47,539 were for the function of Chairman (€48,000 in 2016).

### 4.4.2.23 Subsequent events

No significant events have occurred since the year-end.

## 4

## FINANCIAL STATEMENTS

RENAULT SA ANNUAL FINANCIAL STATEMENTS

## 4.4.2.24 Subsidiaries and affiliates

Companies	Share capital	Shareholders' equity excluding share capital and net income for the period	% of capital held	Book value of shares owned
<b>INVESTMENTS</b>				
Renault s.a.s.	534	4,115	100.00%	10,605
Dacia <sup>(1)</sup>	546	247	99.43%	865
Dongfeng Renault Automotive Company <sup>(2)</sup>	603	(135)	50.00%	248
Nissan <sup>(3)</sup>	10,541	24,281	43.40%	6,217
Sofasa <sup>(4)</sup>	1	16	27.66%	18
<b>TOTAL INVESTMENTS</b>				<b>17,953</b>

(1) The exchange rate used for Dacia is 4.6585 Romanian lei = 1 euro.

(2) The exchange rate used for DRAC is 7.8044 renminbi yuan = 1 euro.

(3) The exchange rate used for Nissan is 135.01 yen = 1 euro.

(4) The exchange rate used for Sofasa is 3,575.00 Colombian pesos = 1 euro.

Companies	Outstanding loans and advances from Renault SA	Sales revenues excluding taxes 2017	Net income (loss), prior year	Dividends received by Renault SA in 2017
<b>INVESTMENTS</b>				
Renault s.a.s.		49,360	916	175
Dacia <sup>(5)</sup>		5,057	116	43
Dongfeng Renault Automotive Company <sup>(6)</sup>		1	17	0
Nissan <sup>(7)</sup>		NC	6,128	710
Sofasa <sup>(8)</sup>		815	34	3

(5) The average exchange rate used for Dacia is 4.568674 Romanian lei = 1 euro.

(6) The average exchange rate used for DRAC is 7.626439 renminbi yuan = 1 euro.

(7) The average exchange rate used for Nissan is 126.654565 yen = 1 euro.

(8) The average exchange rate used for Sofasa is 3,332.290378 Colombian pesos = 1 euro.

## Investments under the equity method

The value of Renault s.a.s. shares valued under the equity method increased by €1,692 million in 2017 due to the performance improvement of Renault s.a.s. and its subsidiaries;

The value of Dacia shares valued under the equity method increased by €50 million.

## Acquisition of investments

See note 4.4.2.8.

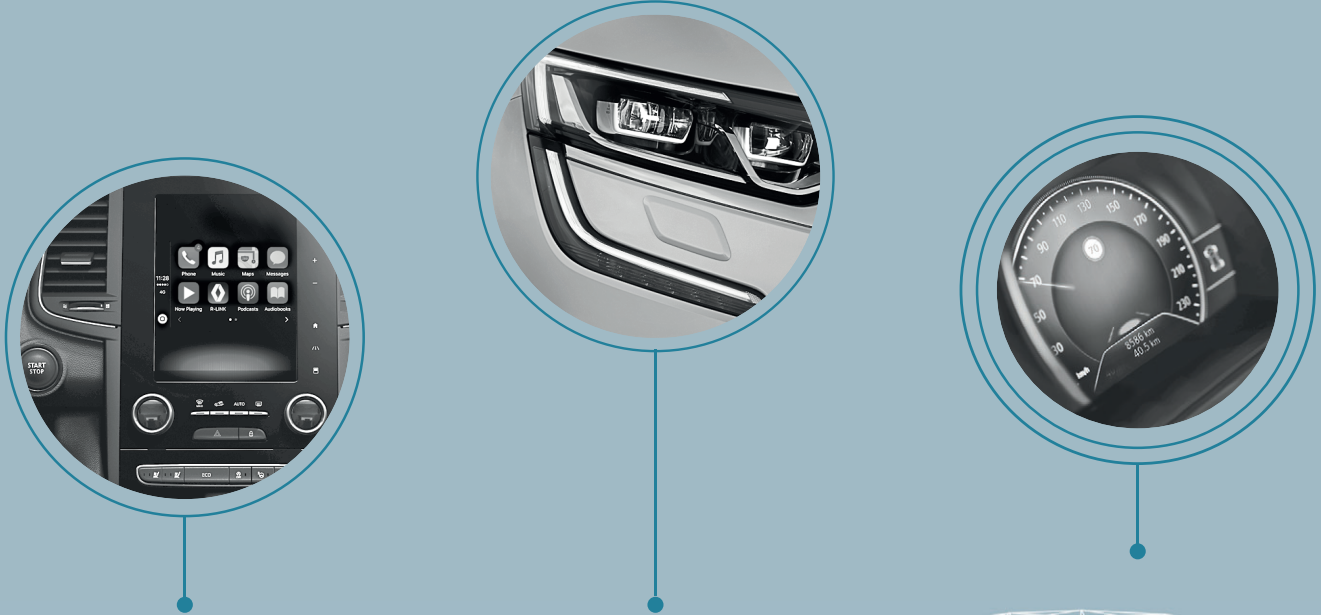
#### 4.4.2.25 Five-year financial highlights

	2013	2014	2015	2016	2017
<b>YEAR-END FINANCIAL POSITION</b>					
Share capital (€ millions)	1,127	1,127	1,127	1,127	1,127
Number of shares and investment certificates outstanding	295,722,284	295,722,284	295,722,284	295,722,284	295,722,284
<b>COMPREHENSIVE INCOME FROM OPERATIONS (€ millions)</b>					
Revenues excluding taxes	-	-	-	-	-
Income before tax, amortization, depreciation and provisions <sup>(1)</sup>	1,429	498	564	1,404	815
Income tax	189	95	160	81	95
Income after tax, amortization, depreciation and provisions	1,664	684	663	1,382	937
Dividends paid	504	554	701	916	
<b>EARNINGS PER SHARE (€)</b>					
Earnings before tax, amortization, depreciation and provisions <sup>(1)</sup>	4.83	1.68	1.91	4.75	2.76
Earnings after tax, amortization, depreciation and provisions	5.63	2.31	2.24	4.67	3.17
Basic and diluted earnings per share <sup>(2)</sup>	6.07	2.50	2.42	5.04	3.42
Potential dilutive potential effect	0.44	0.18	0.17	0.37	0.25
Net dividend	1.72	1.90	2.40	3.15	
<b>EMPLOYEES<sup>(3)</sup></b>					

(1) Provisions are those recorded during the year, less reversals and applications.

(2) Based on the average number of shares at year end.

(3) No employees.



● RENAULT KOLEOS II (HZG) - PHASE 1 - EUROPE ADAPTATION

CHANGE IN RENAULT SHARE PRICE

**+106%**

OVER THE PAST FIVE YEARS



# RENAULT AND ITS SHAREHOLDERS

# 05

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The elements of the annual financial report are identified by the **AFR** symbol.

## 5.1 GENERAL INFORMATION

### 5.1.1 Overview

#### 5.1.1.1 Business name and head office

Business name: Renault

Head office: 13-15, quai Le Gallo, 92100 Boulogne-Billancourt – France

#### 5.1.1.2 Legal form

Organized as a *société anonyme* (public limited company).

#### 5.1.1.3 Date of incorporation and term of the Company

The Company was founded on January 16, 1945. It will expire on December 31, 2088 except in the case of early dissolution or extension.

#### 5.1.1.4 Summary of corporate purpose

Renault's corporate purpose is principally the design, manufacture, sale, repair, maintenance and leasing of motor vehicles (commercial, light commercial and passenger vehicles, tractors, farm machinery and construction equipment) as well as the design and production of parts and equipment used in connection with the manufacturing and operation of vehicles. In addition, it includes the performance of services relating to such activities and, more generally, all industrial, commercial, financial, investment and real-estate transactions relating directly or indirectly, in whole or in part, to any of the above purposes (see Article 3 of the Articles of Association).

Further details of the Company's corporate purpose are provided in Article 3 of the Articles of Association, available at [www.groupe.renault.com](http://www.groupe.renault.com).

#### 5.1.1.5 Registration number with the Company registrar

441 639 465 RCS Nanterre (APE code 6420Z).

Siret code for the head office: 441.639.465.00018.

LEI number: 969500F7JLTX360UI695.

#### 5.1.1.6 Access to legal documents

Legal documents such as the Articles of Association, minutes of Annual General Meetings, auditors' reports and other documents made available to shareholders in accordance with applicable legal provisions may be consulted at the Company's head office.

#### 5.1.1.7 Financial year

The Company's financial year runs for 12 months from January 1 to December 31.

## 5.1.2 Special provisions of the Articles of Association

### 5.1.2.1 Allocation of net profits

Net profits are allocated in compliance with applicable legislation.

Distributable income consists of the current year's income, less previous losses and amounts transferred to the legal reserves, plus retained earnings brought forward from previous years as specified by law. Upon recommendation by the Board of Directors, the Annual General Meeting may then determine portions of this income to be allocated to optional ordinary and special reserves or to be carried over. The balance, if any, is divided among the shares in proportion to their paid-up and unamortized value.

In accordance with legal provisions, the Annual General Meeting has the authority to offer shareholders the option of receiving all or part of the dividend payout in cash or in shares.

Requests for the payment of scrip dividends must be submitted within the time period established by the Annual General Meeting, without exceeding three months from the date of the meeting. The Board of Directors may choose to suspend this period for up to three months if the share capital is increased.

### 5.1.2.2 Annual General Meetings

Annual General Meetings are convened in accordance with applicable legal and regulatory provisions. The right to attend Annual General Meetings is evidenced by the registration of the shares in an account in the name of the shareholder or in the name of the registered intermediary acting on his or her behalf, by midnight (zero hours) Paris time on the second working day before the Annual General Meeting, either in the registered share account held by the Company or in the bearer share accounts held by an authorized intermediary. The registration of bearer shares in the share records held by the authorized intermediary is evidenced by a shareholding certificate issued by the said intermediary.

### 5.1.2.3 Shares and voting rights

Shares are registered in an account according to the provisions and terms established by law. Fully paid-up shares are in either registered or bearer form, at the discretion of their owner. However, shares that are not fully paid-up must be in registered form.

Each shareholder has as many votes as he or she owns shares, subject to the provisions below.

Since April 3, 2016, pursuant to Article L. 225-123 of the French Commercial Code, as amended by Law No. 2014-384 of March 29, 2014 (the so-called Florange Law), unless provided otherwise in the Renault Articles of Association adopted subsequently to the promulgation of the Florange Law, a voting right double to that conferred to other shares is automatically attributed to all fully paid up shares for which proof of registration is provided for at least two years in the name of the same shareholder.

At December 31, 2017, 109,036,312 Renault shares held double voting rights, representing around 36.9% of the share capital and around 70.4% of the voting rights that may be exercised in Renault's Annual General Meeting at that date.

The double voting right automatically ceases for any share that has been converted to a bearer share or undergone a transfer of ownership, subject to any exceptions provided for by law.

Free shares resulting from the capital increase, earnings or other paid-in capital are entitled to double voting rights from their date of issue if they are attributed on account of shares already enjoying such rights.

Treasury shares do not carry voting rights.

The theoretical number of voting rights is 404,758,596.

In view of the 6,414,355 Treasury shares and the 44,358,343 shares held by Nissan Finance Co., Ltd. (see section 5.2.6.1 below), all of which are deprived of voting rights, the total number of exercisable voting rights as at December 31, 2017 was 309,627,555.

### 5.1.2.4 Identifiable bearer shares

The Company is authorized to make use of the appropriate legal provisions for identifying shareholders having immediate or future voting rights in its own Shareholders' Meetings.

### 5.1.2.5 Shareholding disclosures

In addition to the legal requirement for shareholders to inform the Company if they hold certain percentages of its share capital or voting rights, every shareholder or fund management company that comes into possession of a number of shares above 2% of the share capital or voting rights, or a multiple of this percentage representing less than or equal to 5% of the share capital or voting rights, shall inform the Company of the total number of shares held. Such disclosure shall be made by registered letter with return-receipt within a time period set forth in a Conseil d'État decree, starting from the date of registration of the shares that brought the shareholder's interest up to or beyond the threshold. In excess of 5%, the aforementioned disclosure requirement applies to 1% portion of the share capital or voting rights.

For the purposes of determining the thresholds described above, indirectly held shares or equity equivalents held as defined by the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code will also be taken into account.

The declarer must certify that the said declaration includes all shares held or owned as per the provisions of the preceding paragraph, and must indicate the acquisition date(s). The disclosure requirement applies in the same manner if the holding of shares falls below any of the aforementioned thresholds, 2% or 1% as applicable.

If the conditions described above are not complied with, any shares exceeding the fraction that should have been declared shall be deprived of its voting rights at any Shareholders' Meetings held in a period of two years following the date of due notification, in so far as this is requested at the meeting by one or more shareholders who together hold at least 1% of share capital.

## 5.2 GENERAL INFORMATION RELATING TO RENAULT'S SHARE CAPITAL

### 5.2.1 Share capital

As at December 31, 2017, the share capital amounted to €1,126,701,902.04, consisting of 295,722,284 shares with a par value of €3.81 each. The shares are fully subscribed and paid up.

### 5.2.2 Change in the share capital

The Extraordinary General Meeting may, as specified by law, increase or reduce the share capital and grant delegation to the Board of Directors to carry out such transactions, with the faculty of delegation in accordance with applicable legal provisions.

### 5.2.3 Changes in capital ownership over the past five years

There were no changes in capital ownership over the past five years. The last capital increases date from April 28, 2010. During the reserved capital increases at a price of €37 per share, Nissan Finance Co., Ltd. and Daimler AG respectively subscribed 1,617,775 shares and 9,167,391 shares with a par value of €3.81.

### 5.2.4 Unissued authorized capital

#### 5.2.4.1 Overall authorizations

The Annual General Meeting of April 29, 2016, authorized the Board of Directors to proceed with various financial transactions to carry out capital increases to the Company's share capital, with or without preferential subscription rights.

To date, these authorizations have not been used.

These authorizations are detailed hereafter.

### 5.2.4.2 Table of authorizations granted in respect of capital increases

The table hereafter details the delegations remaining in effect granted by the General Meeting of the Company to the Board of Directors with respect to share capital increases:

	Description of the delegation granted to the Board of Directors	None	Implementation
14 <sup>th</sup> resolution GM 2016	Issuance of ordinary shares and/or securities giving access to the share capital and/or to debt securities with preferential subscription rights. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increases of €350 million (about 30% of the share capital).		None
15 <sup>th</sup> resolution GM 2016	Issuance of ordinary shares and/or securities giving access to the share capital and/or to debt securities without preferential subscription rights of the shareholders, by way of public offer. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increase of €120 million (about 10% of the share capital).		None
16 <sup>th</sup> resolution GM 2016	Issuance of ordinary shares and/or securities giving access to the share capital by way of private placement. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increases of €60 million (about 5% of the share capital).		None
17 <sup>th</sup> resolution GM 2016	Issuance of ordinary shares and/or securities giving access to the share capital, in the event of an exchange tender offer initiated by the Company. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increase of €120 million (about 10% of the share capital).		None
18 <sup>th</sup> resolution GM 2016	Increase of the share capital by issuance of shares by means of a contribution in kind. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increase of €120 million (about 10% of the share capital).		None
19 <sup>th</sup> resolution GM 2016	Increase of the share capital by incorporation of reserves, profits or premiums. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increases of €1 billion.		None
20 <sup>th</sup> resolution GM 2016	Increase of the share capital by issuance of shares reserved for employees of the Company or affiliated companies, without preferential subscription rights. Duration of 26 months, i.e., up to the Annual General Meeting called to approve the 2017 financial statements. Maximum cap for capital increases of 1% of the share capital of the Company.		None

The total nominal amount of any capital increases that may be carried out by virtue of the fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, nineteenth and twentieth resolutions submitted to the Annual General Meeting of April 29, 2016 may not exceed €350 million (three hundred and fifty million euros).

## 5.2.5 Potential capital

### 5.2.5.1 Options

The Company has decided to no longer grant any new stock-option purchase plans.

The latest authorization was adopted by the Combined General Meeting of April 29, 2011 for a period of 38 months. There are no plans to request a new authorization from the Annual General Meeting. For details of current grants and options, see table 8 in section 3.4.5.3 of this Registration document.

### 5.2.5.2 Performance shares

Pursuant to Article L. 225-197-1 of the French Commercial Code, the Combined General Meeting of April 29, 2016, authorized, for a period of 38 months, the Board of Directors to grant performance shares, either existing or to be issued, to employees of the Company or to certain categories of such employees and employees of the companies and groupings related to-it, as provided for in Article L. 225-197-2 of the French Commercial Code. For details regarding grants and shares in circulation, refer to table 9, section 3.4.5.3 of this Registration document.

### 5.2.5.3 Share repurchase<sup>(1)</sup>

#### Trading by Renault in its own shares in 2017 and allocation of treasury shares

As at December 31, 2017, Renault held 6,414,355 shares with a par value of €3.81, and a net carrying amount of €483,459,741.

Pursuant to the provisions of Article L. 225-209 of the French Commercial Code, the eleventh resolution of the Combined General Meeting of April 29, 2016 authorized the Company to deal in its treasury shares so as to allow it to benefit from the opportunities granted by applicable law. The authorization was granted until October 29, 2017. A new share buyback program was authorized by the Annual General Meeting of June 15, 2017, depriving of effect from this date the program authorized on April 29, 2016.

In April 2017, Renault acquired 1,386,000 of its own shares as part of the share buyback program approved by the Annual General Meeting of April 29, 2016. Then, as part of its share buyback program approved by the Annual General Meeting of June 15, 2017, Renault bought 1,400,000 shares in November 2017. The 6,414,355 shares held directly or indirectly by Renault as at December 31, 2017, are allocated in their entirety to the fulfilment of free performance share allocations or any other form of allocation, allotment or transfer granted to employees or senior executives of the Company, to avoid any dilutive effect as a result of the allocation

<sup>(1)</sup> This paragraph includes information that must be given in the description of the program in application of Article 241-2 of the AMF General Regulation and information required in application of the provisions of Article L. 225-211 of the French Commercial Code.

of such shares. The shares acquired by the beneficiaries of share-based compensation (Long-Term Incentives) shall not have any effect on the share capital structure. Therefore, it is planned that shares acquired under a free performance share award shall come from the share buyback program. The aim is to leave the Company's share capital unchanged. The number of shares allocated to this end is 6,414,355 shares.

Percentage of treasury shares held directly or indirectly as at December 31, 2017: 2.17%.

Number of shares canceled over the 24 months preceding December 31, 2017: 0.

Number of shares held in the portfolio as at December 31, 2017: 6,414,355.

Net carrying amount of the portfolio as at December 31, 2017: €483,459,741.

Portfolio value as at December 31, 2017<sup>(1)</sup>: €538,228,528.

#### TRADING BY RENAULT IN ITS OWN SHARES IN 2017 AS PART OF THE PROGRAMS AUTHORIZED BY THE COMBINED GENERAL MEETINGS OF APRIL 29, 2016 AND JUNE 15, 2017

	Total gross flows at December 31, 2017		Long and short positions at December 31, 2017	
	Purchase	Sold	Long and short positions	Long and short positions
Number of shares	2,786,000	None	None	None
Average selling, purchase or exercise price	€82.68	None	None	None
<b>AMOUNT</b>	<b>€230,343,295</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

#### Description of the share buyback program submitted for authorization to the Annual General Meeting of June 15, 2018

Pursuant to Articles 241-1 to 242-7 of the French Financial Markets Authority (AMF) General Regulation and Article L. 451-3 of the French Monetary and Financial Code, this section describes the objectives and arrangements for the new Treasury share buyback program organized by Renault, which will be submitted for approval to the Combined General Meeting of Shareholders of June 15, 2018.

The objectives of the program are to:

- i. cancel all or some of the shares acquired, notably to compensate for dilution arising from the exercise of share subscription options or the acquisition of shares allocated free of charge, subject to the adoption of nineteenth resolution put to this Annual General Meeting;
- ii. use all or some of the shares acquired to implement any share purchase option plan or restricted share plan, or any other form of assignment, allocation, disposal, or transfer for former or current employees and managers of the Company and its Group, and complete any hedging transaction relating to any such transactions, within the terms established by law;
- iii. transfer all or some of the shares acquired during the exercise of rights pertaining to securities granting rights by conversion, exercise, reimbursement, exchange, or any other means to the allocation of Company shares, pursuant to applicable regulations;
- iv. secondary market making or liquidity enhancement for Renault shares by an independent investment service provider acting pursuant to a liquidity agreement complying with the AMF's recognized code of ethics and professional conduct;
- v. use all or some of the shares acquired to be retained for subsequent transfer as an exchange or as payment as part of external growth transactions, contribution, merger or spin-off, in accordance with recognised market practices and applicable regulations; and

vi. more generally, perform any other transaction allowed, or which may be allowed or authorised in the future, by law, by the regulations in force, or by the AMF.

The acquisition, disposal, transfer, or exchange of these shares may be performed by any means, notably on the market or through over-the-counter transactions, including block trading, using derivative financial instruments or bonds or securities granting access to the Company's share capital, or by implementing option strategies, within the bounds of applicable regulations.

The Annual General Meeting sets:

- the maximum purchase price (or the counter-value of this amount on the same date in any other currency), excluding acquisition costs, at €120 per share, and the maximum amount of funds allocated for the completion of the share purchase programme at €3,548.7 million, it being specified that in the event of transactions affecting the share capital (splitting or consolidation of shares or free share allocations to shareholders), the price and the maximum amount of funds allocated for the completion of the share purchase programme will be adjusted on the basis of the ratio of the number of securities constituting the share capital prior to the transaction compared to the total number after the transaction;
- the number of shares which may be acquired at 10% of the shares constituting the share capital, it being specified that (a) this limit applies to a given amount of the Company's share capital, to be adjusted if necessary to take into account transactions affecting the share capital subsequent to this Annual General Meeting, (b) if the aim of the share buyback is to enhance share liquidity pursuant to the conditions set out in the AMF general regulations, the number of shares taken into account to calculate the 10% limit corresponds to the number of shares purchased, minus the number of shares resold during the authorisation period, and (c) this number may not exceed 5% in the case of shares acquired by the Company with a view to retaining them and to subsequently transfer them as payment or as an exchange during the course of merger, spin-off, or contribution transactions or external growth operations.

As of December 31, 2017, the 10% limit of the share capital corresponded to 29,572,228 Company shares.

(1) Based on a stock market price of €83.91 at December 29, 2017.

## GENERAL INFORMATION RELATING TO RENAULT'S SHARE CAPITAL

Within the limits allowed by the applicable regulations, transactions performed by the Board of Directors pursuant to this authorisation may take place at any time during the validity of the share buyback programme, it being specified that if a public bid for the Company's stocks is made by a third party, the Board of Directors may not implement this authorisation and the Company may not pursue any share purchase programme until after the end of the bid period, except in the case of prior authorisation having been granted by the Annual General Meeting.

Pursuant to the provisions of Article L. 225-210 of the French Commercial Code, the Company may not own more than 10% of the total of its own shares, or more than 10% of any given share category, either directly or through any person acting in their own name on behalf of the Company.

All powers are granted to the Board of Directors, including powers of sub-delegation, to implement this authorisation, specify, if necessary, its terms, decide on its conditions and, in particular, place all orders on or off the stock market, assign or re-assign the shares acquired to the different purposes pursued in compliance with applicable legal and regulatory conditions, perform all formalities, and, more generally, do all that is required in this respect.

Each year, the Board of Directors shall make a report of the transactions performed pursuant to this resolution to the Annual General Meeting.

The number of shares acquired by the Company for retention or exchange as part of a merger, spin-off, or contribution transactions shall not exceed 5% of its capital.

If the share capital is increased by capitalization of reserves, attribution of bonus shares, increase of the share par value; or if shares are split or merged or if any other transaction affecting the share capital is carried out, the prices indicated above shall be adjusted using a multiplier coefficient equal to the ratio between the number of shares making up the share capital before the operation and the number after the operation.

Once approved by the Annual General Meeting of June 15, 2018, this program shall be valid for a period that expires at the next Annual General Meeting called to approve the 2018 financial statements and shall not exceed 18 months, i.e., until December 15, 2019. This authorization cancels and replaces, up to the amount not yet used, any prior authorization having the same subject.

## 5.2.6 Renault share ownership

### 5.2.6.1 Renault shareholders at December 31, 2017

#### OWNERSHIP OF SHARES AND EXERCISABLE VOTING RIGHTS FOR THE LAST THREE FISCAL YEARS

	12/31/2017			12/31/2016			12/31/2015		
	Number of shares held	% of capital	% of voting rights	Number of shares held	% of capital	% of voting rights	Number of shares held	% of capital	% of voting rights
French State <sup>(1)</sup>	44,387,915	15.01%	28.67%	58,387,915	19.74%	33.95%	58,387,915	19.74%	23.56%
Nissan Finance. Co., Ltd.	44,358,343	15.00%	-	44,358,343	15.00%	-	44,358,343	15.00%	-
Daimler Pension Trust e.V	9,167,391	3.10%	5.92% <sup>(2)</sup>	9,167,391	3.10%	3.03%	9,167,391	3.10%	3.70%
Employees <sup>(3)</sup>	5,994,937	2.03%	3.87%	6,168,600	2.09%	4.07%	6,157,300	2.08%	2.48%
Treasury stock	6,414,355	2.17%	-	4,649,545	1.57%	-	3,573,737	1.21%	-
Public	185,399,343	62.69%	61.54%	172,990,490	58.50%	58.95%	174,077,598	58.87%	70.26%
<b>TOTAL</b>	<b>295,722,284</b>	<b>100.00%</b>	<b>100.00%</b>	<b>295,722,284</b>	<b>100.00%</b>	<b>100.00%</b>	<b>295,722,284</b>	<b>100.00%</b>	<b>100.00%</b>

(1) For information on the change in the voting rights held by the French State, see the explanations in the following paragraphs.

(2) The number of shares held by Daimler Pension Trust e.V remains unchanged from the 2015 Registration document. The change in the percentage of voting rights is the result of the acquisition of double voting rights on April 27, 2017 and the change in the total number of exercisable voting rights (see section 5.1.2.3 of this Registration document).

(3) 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.

The share capital amounts to €1,126,701,902.04, divided into 295,722,284 outstanding shares. As at December 31, 2017, this was distributed as follows:

- following the disposal of 14 million shares by the French State (including 1,400,000 to Renault for the purpose of carrying out an offer reserved for employees under Article 31-2 of ruling no. 2014-948 of August 20, 2014 as amended by law no. 2015-990 of August 6, 2015), the French State held 15.01% of the share capital corresponding to 21.93% of theoretical voting rights and 28.67% of exercisable voting rights in Renault (excluding the application of the restrictions described in section 5.2.6.2);

- the Nissan group, through its wholly-owned subsidiary Nissan Finance Co., Ltd., held 15% of Renault's share capital (unchanged since December 31, 2016). However, Nissan Finance Co., Ltd. is not entitled to exercise the voting rights attached to these shares pursuant to the provisions of Article L. 233-31 of the French Commercial Code, owing to Renault's ownership interest in Nissan Motor Co., Ltd., parent-company of Nissan Finance Co., Ltd.;
- the Daimler Pension Trust e.V held 3.10% of the share capital (9,167,391 shares);

- current and former Renault employees held 2.03% of the share capital. These shares are managed through collective investment schemes;
- treasury stock represented 2.17% of the share capital. Under French law, such shares do not carry voting rights;
- lastly, the free float represented 62.69% of the share capital (compared with 58.50% as at December 31, 2016).

To the best of the Company's knowledge, no other shareholder holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert, other than the French State or Nissan Finance Co, Ltd.

A survey of the holders of Renault bearer shares was conducted on November 30, 2017.

This gave an estimated breakdown of the public ownership's interest by category of major shareholder. At that date:

- the institutional shareholders, including BlackRock Inc. (holding 4.98% of the share capital at December 11, 2017), owned 48.52% of Renault's share capital, it being stated that:
  - French institutional investors held 12.81% of the share capital,
  - foreign institutional investors held 35.71% of the share capital, and
  - the 10 largest French and foreign institutional investors held approximately 14.99% of the share capital;
- the remaining public ownership in the capital *i.e.*, 14.17% - was held primarily by individual shareholders.

### 5.2.6.2 Shareholders agreements on shares and voting rights of the Company

#### Restrictions on the transfer of shares

As part of the long-term strategic Master Cooperation Agreement signed on April 7, 2010 by Renault SA, Nissan Motor Co., Ltd., Renault-Nissan b.v. and Daimler AG, the Parties made the following commitments in accordance with Article L 225-37-5 of the French Commercial Code:

- lock-up commitment: for a five-year period, effective from the signature date of the Master Cooperation Agreement, Daimler commits to not transfer its shareholding in Renault without the prior consent of the other parties. However, providing the transfer concerns all Renault shares and the beneficiary is not a competitor of Renault, this lock-up commitment shall not apply in the following cases: (i) transfer to a subsidiary, (ii) public tender offer for Renault shares recommended by Renault's Board of Directors, and (iii) change in the control of Renault. The commitment will end prematurely if the Master Cooperation Agreement is terminated before the end of the five-year period;
- right of first offer: if Daimler wishes to transfer its Renault shares (either at the end of the lock-up commitment or during that period in case of authorized transfer), Renault benefits from the right of first offer, allowing it to acquire those shares. If Renault chooses not to exercise its right, Daimler may sell its shares to third parties that are not competitors of Renault or propose them for sale on the market;

- commitment in the event of a hostile public offer: after the end of the lock-up commitment, Daimler agrees to not tender its shares to a public offer on Renault shares that has not received approval from Renault's Board of Directors. This commitment will end on termination of the Master Cooperation Agreement.

#### Restrictions on the free exercise of voting rights attached to shares held by the French State

In the context of the discussions conducted, on the one hand between Renault and Nissan and on the other between Renault and the French State, to restore the balance between the investments of these two shareholders in Renault, and on this occasion, to ensure the continuity and development of the Alliance, on February 4, 2016, Renault and the French State entered into a governance agreement aimed at restricting the free exercise of the French State's voting rights in respect of certain decisions submitted to Renault's Annual General Meeting.

This limitation varies depending on the quorum achieved at the Annual General Meeting:

- if the shareholders attending or represented at the Annual General Meeting in question own maximum 70% of the shares with voting rights (either single or double voting rights), the French State's freely exercisable voting rights are capped at 17.9% of the voting rights exercisable; and
- if the shareholders attending or represented at the Annual General Meeting in question own more than 70% of the shares with voting rights (either single or double voting rights), the French State's freely exercisable voting rights are capped at 20% of the voting rights exercisable.

Beyond this applicable capping threshold, the French State's voting rights are exercised in a neutral way, *i.e.*:

- at 50% in favor, and 50% against the adoption of ordinary resolutions;
- at 66⅔% in favor, and 33⅓% against the adoption of extraordinary resolutions; and
- in full for the adoption of resolutions requiring shareholder unanimity.

The French State's neutralized voting rights do not have an impact on the outcome of the vote for resolutions subject to capping, unlike voting rights that are freely exercisable by the French State and the other shareholders.

The restriction on the free exercise of the French State's voting rights applies to all decisions within the competence of the Ordinary General Meeting, with the exception of the following decisions, for which the French State may freely exercise all of its double voting rights:

- allocation of earnings, fixing of the dividend and its payout date;
- the option of receiving all or part of the dividend payout in cash or in shares;
- appointment of directors representing the French State, renewal of their terms of office or ratification of their appointments by the Board of Directors;
- removal of directors representing the French State;
- approval of the sale of significant assets;
- related-party agreements against which the representatives of the French State voted on the Board of Directors; and



## GENERAL INFORMATION RELATING TO RENAULT'S SHARE CAPITAL

- grant of delegation to the Board of Directors to trade in Renault's shares, in the event of a program to repurchase one or more blocks of shares from one or more identified shareholders.

For Extraordinary General Meetings, the French State may freely exercise all of its voting rights, with the exception of the following decisions for which the French State's freely exercisable voting rights are capped, namely:

- grant or renewal of delegations of authority or powers to the management bodies of Renault whose terms are consistent with the existing practices of Renault as demonstrated over the five years preceding the decision;
- decision or delegation granted to the Board of Directors to award stock-options, allocate consideration-free shares or issue shares or securities giving access to the capital to the employees and Company officers of the Group;
- modification of the age limit for the exercise of functions or the term of office of directors and senior executive officers; and
- transfer of the head office (except outside of France).

Resolutions submitted by a shareholder other than the French State are subject to the restriction mechanism if the French State votes according to the recommendations of the Board of Directors of Renault.

Restrictions on the free exercise of voting rights shall cease to apply if:

- Nissan exercises the voting rights attached to its shares at any Renault Annual General Meeting; and
- the Restated Alliance Master Agreement entered into between Renault and Nissan on March 28, 2002 (as amended on April 29, 2005, November 7, 2012 and December 11, 2015) is amended, and the representatives of the French State did not vote in favor thereof on the Board of Directors, or if the said Restated Alliance Master agreement is terminated.

In addition, the restriction is suspended:

- in the event of a public offer on the financial securities of Renault initiated by any person, from the announcement thereof until the expiration of the offer period; and
- whenever a person (with the exception of the French State, but including Nissan), acting alone or in concert, owns, directly or indirectly, immediately or in future, a participation or an economic exposure representing more than 15% of the share capital or voting rights of the Company.

In the event of violation by the French State of its commitments under the corporate governance agreement, Renault may seek conversion into bearer shares of all Renault shares owned by the French State, thus depriving them of the double voting rights for a period of two years.

BNP Paribas Securities Services, the custodian for Renault's shares, assists Groupe Renault in the implementation of this mechanism through the management of the seven fully registered shareholder accounts in which the Renault shares held by the French State are registered. The terms of its involvement are set out in an agreement for the implementation of the corporate governance agreement, which was signed on February 4, 2016 between Renault, the French State and BNP Paribas Securities Services.

### Absence of concerted action between Renault and Daimler

Renault and Daimler have declared that they are not acting in concert, directly or indirectly, as defined in Article L. 233-10 of the French Commercial Code. To the best knowledge of the Company, and as at the date of this Registration document, there are no shareholder agreement governing relations between the Company's shareholders, and no concerted actions.

## 5.3 MARKET FOR RENAULT SHARES

### 5.3.1 Renault shares

#### 5.3.1.1 Listing exchange and stock indexes

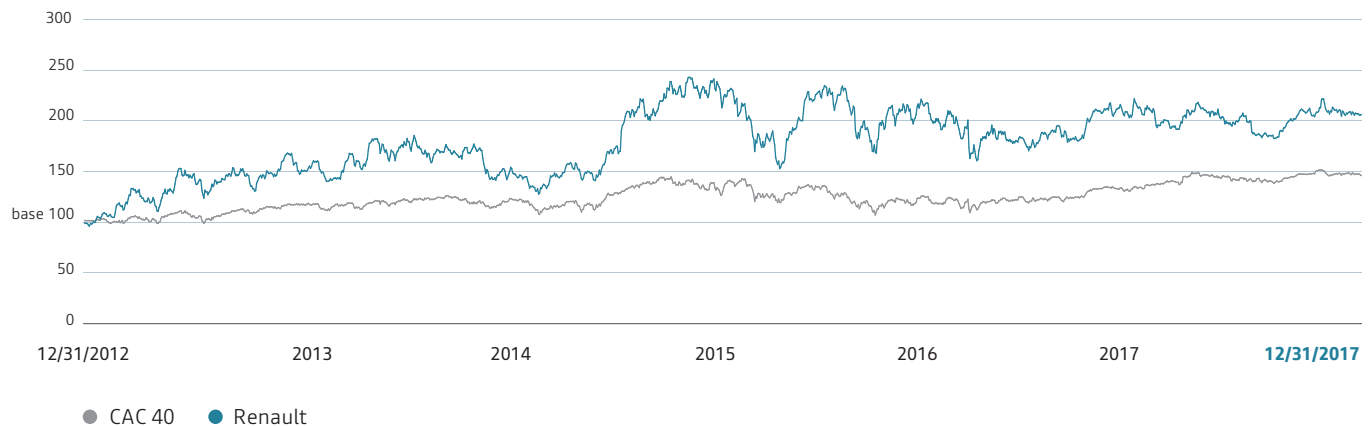
Renault has been listed on the Paris Stock exchange (Euronext) since November 17, 1994, when the Company was partially privatized. The issue price was FRF165 (€25.15). The Renault share has been one of the shares which compose the CAC 40 index since February 9, 1995.

Listed on Euronext – compartment A, ISIN code FR0000131906, ticker code: RNO, the Renault share qualifies for the deferred settlement account system (*Service de règlement différé*, SRD) and for inclusion in French equity savings plans (PEA).

The share is also a component of the SBF, Euronext and Euro Stoxx Auto indexes.

Furthermore, Renault receives annual ratings from sustainability agencies for its performance in spheres such as risk management, labor relations, environmental protection, and societal practices, and it is included in a number of indexes (see section 2.9.6).

#### 5.3.1.2 Renault share price performance over the last five years



#### RENAULT SHARE PRICE AND MARKETS PERFORMANCE

	2017	2016	2015	2014	2013
Year high (€)	90.18	90.00	98.81	75.43	68.39
Year low (€)	74.27	65.36	57.38	51.95	39.67
Closing price (€)	83.91	84.51	92.63	60.53	58.45
Change during the year (%)	-0.71	-8.77	+54.64	+4.04	+44.09
CAC change during the year (%)	+9.26	+4.86	+9.05	+1.08	+18.0
DJES Auto change during the year (%)	+13.9	-3.94	+13.8	+5.70	+34.09
Number of shares exchanged during the year	240,164,421	257,321,509	332,181,829	325,351,180	283,176,634
Market capitalization (€ million)	24,814	24,991	27,393	17,900	17,285

Source: Reuters

The average share price in the last 30 trading days of 2017 was €84.73 (source: Reuters).

## 5.3.2 Renault and Diac participating shares (*titres participatifs*)

### 5.3.2.1 Renault participating shares

#### Characteristics of the main Renault participating shares

Renault issued a total of 2,000,000 participating shares with a par value of FRF1,000/€152.45, in two fungible issues of 1,000,000 shares each in October 1983 and October 1984.

Renault participating shares are listed on Euronext Paris under ISIN code FR0000140014.

The issue prospectus (in French) can be downloaded from the Finance section of the renault.com site or be obtained on request from the Financial Relations department.

Between March and April 2004 Renault made a public repurchase offer for its participating shares at €450 per share. In all, 1,202,341 shares,

representing 60.12% of the total of shares, were repurchased and cancelled. The number of shares outstanding after the operation was 797,659, unchanged at December 31, 2017.

#### Compensation

The gross compensation on participating shares paid on October 24, 2017 in respect of 2016 was €24.03 (€10.29 for the fixed portion and €13.74 for the variable portion).

The compensation on participating shares for financial year 2017, payable on October 24, 2018, is €25.52, comprising €10.29 for the fixed portion and €15.23 for the variable portion (based on consolidated revenues of €58,770 million for 2017 and revenues restated at constant Group structure and consolidation methods of €53,037 million for 2016).

#### TRADING VOLUMES AND PRICES OF RENAULT PARTICIPATING SHARES OVER THE PAST THREE YEARS

	2017	2016	2015
Year high (€)	695.00	554.45	575.00
Year low (€)	528.54	465.00	435.65
Closing price (€)	695.00	543.90	539.95
Number of shares exchanged during the year	63,239	69,284	81,243

Source: Reuters

### 5.3.2.2 Diac participating shares

Diac, the French credit subsidiary of RCI Banque, issued 500,000 participating shares with a par value of FRF1,000/€152.45 in 1985.

Diac participating shares are listed on Euronext Paris under the ISIN code FR0000047821.

As of December 31, 2017, the number of participating shares outstanding was 60,269. At the closing price of €209, Diac's participating shares represented a total of €12,596,221 (€9,188,009 at the issue par value of €152.45).

In the course of 2017, the share price fluctuated between €197 at its lowest and €215 at its highest.

### 5.3.3 Dividends

In the first phase of the Renault 2016 “Drive the Change” plan, the Company committed to pay out to shareholders the dividends received from participations in listed companies, with a one-year time lag.

The purpose of such policy was to raise the profile of the dividend while achieving the debt reduction target.

That target has now been reached so, for the second phase of the “Drive the change” plan, Renault has put forward a pay-out policy that aims to offer returns at least equivalent to the average of European carmakers.

During the presentation of the “Drive the Future” plan in October 2017, Renault announced a new dividend policy that aims, by the end of the Plan, to gradually double the rate of distribution of net income Group share, excluding income from associated companies, to which will be added the dividend received from Nissan and Daimler associated companies.

On February 15, 2018, the Board of Directors proposed the payment of a dividend of €3.55 per share in respect of the 2017 financial year. This proposal will be submitted to the vote at the Annual General Meeting on June 15, 2018. The dividend will be paid on June 25, 2018.

#### 5.3.3.1 Five-year dividend record

Dividends are paid out at the dates and places specified either by the Annual General Meeting or, failing that, by the Board of Directors.

Financial year	No. of shares comprising the share capital as at December 31	Dividends per share (in euros)	Payable date
2012	295,722,284	1.72	May 15, 2013
2013	295,722,284	1.72	May 15, 2014
2014	295,722,284	1.90	May 15, 2015
2015	295,722,284	2.40	May 17, 2016
2016	295,722,284	3.15	June 23, 2017

#### 5.3.3.2 Unclaimed dividends

Any dividend which remains unclaimed at the end of the five-year validity period shall lapse, as specified by law. Unclaimed dividends are paid out to the French Treasury.

## 5.4 INVESTOR RELATIONS POLICY

Since it was listed in November 1994, Renault has endeavored to provide its shareholders and investors with clear and transparent information on a regular basis.

### 5.4.1 Individual shareholders

(See section 2.1.6)

### 5.4.2 Institutional investors/socially responsible investors

(See section 2.1.6)

### 5.4.3 2018 financial calendar

February 16 (before market opening)	2017 annual results
April 27 (before market opening)	2018 Q1 revenues
June 15 (afternoon)	2018 Annual General Meeting
July 27 (before market opening)	2018 half-year results
October 23 (before market opening)	2018 Q3 revenues

### 5.4.4 Contacts

#### Investor relations department

**E-mail:** [communication.actionnaires@renault.com](mailto:communication.actionnaires@renault.com)

**Shareholder hotline within France**

**(Toll-free number and service):** 0 800 650 650

**Shareholders' telephone line from other countries:** +33 (0) 1 76 84 59 99

**Employee shareholders hotline:** +33(0) 1 76 84 33 38

**Website:** [www.groupe.renault.com/Finance](http://www.groupe.renault.com/Finance)

**Contact:**

Thierry Huon

Renault Investor Relations Director

Telephone: +33 (0) 1 76 84 53 09

Renault shares can be registered with: BNP Paribas Securities Services

Renault Shareholder Relations

9 rue du Débarcadère

93761 Pantin Cedex – France

Tel: 0 800 10 91 19 in France

+33 (0) 1 40 14 89 25 from other countries

## 5.4.5 Public documents

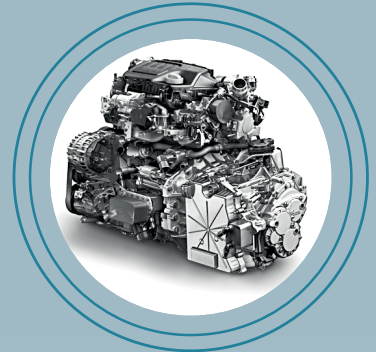
The following documents are available in the Finance section of the website [www.groupe.renault.com](http://www.groupe.renault.com):

- the Company's Articles of Association;
- financial press releases;
- the regulatory information that is published in its entirety by electronic means (including on the website of the AMF), in accordance with

the Transparency Directive, through a primary information provider named on a list published by the AMF. This information includes the Registration documents for 2016, 2015, 2014, 2013, 2012 and 2011, all filed with the AMF.

- additional information on the composition of the Group established pursuant to regulation No. 2016-09-of December 2, 2016 of the Autorité des Normes Comptables Françaises.





● RENAULT MASTER Z.E. (F62 Z.E.) - PHASE 1

## THE RENAULT LANGUAGE EXPLAINED!



# 06

## ADDITIONAL INFORMATION

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The elements of the annual financial report are identified by the **AFR** symbol.

# 6

## ADDITIONAL INFORMATION

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE DOCUMENT

### 6.1 CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE DOCUMENT

Contact:

***Carlos Ghosn, Chairman and Chief Executive Officer***

I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and of all the undertakings included in the consolidation taken as a whole, and that the management report appearing in the Registration document presents a true and fair picture of the business performance, profit and loss and financial position of the Company and of all the undertakings included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the statutory auditors stating that they have completed their assignment, which included checking information relating to the financial position and financial statements given in this document, as well as reading the document in its entirety.

Paris, April 5, 2018

Chairman and Chief Executive Officer

Carlos Ghosn

## 6.2 HISTORICAL INFORMATION ON FINANCIAL YEARS 2015 AND 2016

Pursuant to Article 28 of Commission regulation (EC) No. 809/2004, the following information is incorporated by reference in this Registration document:

### 6.2.1 For financial year 2015

The 2015 Registration document was filed with the French Financial Markets Authority on March 24, 2016.

The consolidated financial statements appear in chapter 4, on pages 278 to 345, and the statutory auditors' report on the consolidated financial statements appears in chapter 4, on page 276-277, of the same document.

The financial information appears in section 1.3.2, on pages 67 to 71, of the same document.

The other parts of this document are either irrelevant to the investor or covered elsewhere in the Registration document.

### 6.2.2 For financial year 2016

The 2016 Registration document was filed with the French Financial Markets Authority on April 5, 2017.

The consolidated financial statements appear in chapter 4, on pages 304 to 389, and the statutory auditors' report on the consolidated financial statements appears in chapter 4, on page 302-303, of the same document.

The financial information appears in section 1.3.2, on pages 73 to 78, of the same document.

The other parts of this document are either irrelevant to the investor or covered elsewhere in the Registration document.

## 6.3 STATUTORY AUDITORS

### 6.3.1 Regular statutory auditors

**KPMG S.A.**

represented by Jean-Paul Vellutini and Laurent des Places  
Tour Eqho  
2, avenue Gambetta  
92 066 Paris la Défense

**EY Audit**

represented by Aymeric de La Morandière and Bernard Heller  
Tour First  
1-2, place des Saisons  
92 400 Courbevoie – Paris La Défense 1

KPMG was appointed by the Combined General Meeting of April 30, 2014, for a period of six years. Its mandate will expire after the Annual General Meeting called to approve the 2019 financial statements.

Ernst & Young Audit was appointed for the first time by order of the Ministry of Economy and Finance on March 27, 1979. Its mandate was then renewed by the Combined General Meetings of June 7, 1996, April 26, 2002, April 29, 2008 and April 30, 2014, for a six-year period. Its mandate will expire after the Annual General Meeting called to approve the 2019 financial statements.

### 6.3.2 Alternate statutory auditors

**KPMG Audit ID S.A.S.**

Alternate for KPMG S.A.  
Tour Eqho  
2, avenue Gambetta  
92 066 Paris la Défense

**Auditex**

Alternate for EY Audit  
Tour First  
1-2, place des Saisons  
92 400 Courbevoie – Paris La Défense 1

KPMG Audit ID S.A.S. was appointed by the Combined General Meeting of April 30, 2014, for a period of six years. Its mandate will expire after the Annual General Meeting called to approve the 2019 financial statements.

Auditex was appointed for the first time by the Combined General Meeting of June 7, 1996 for a period of six years. Its mandate was renewed by the Combined General Meetings of April 26, 2002, April 29, 2008 and April 30, 2014 for a six-year period. Its mandate will expire after the Annual General Meeting called to approve the 2019 financial statements.

## 6.3.3 Statutory auditors' fees

### TABLE OF FEES OF THE STATUTORY AUDITORS AND THEIR NETWORKS

In € million	ERNST & YOUNG Audit		EY network		Total 2017
	Amount	%	Amount	%	
<b>Certification of parent company and consolidated financial statements and half-yearly limited review</b>					
• Renault SA and Renault s.a.s.	2.24		0.00		2.24
• Fully consolidated subsidiaries	0.59		2.92		3.51
<b>SUBTOTAL A</b>	<b>2.83</b>	<b>95%</b>	<b>2.92</b>	<b>81%</b>	<b>5.75</b>
<b>Services other than certification of financial statements required by law and additional services</b>					
• Renault SA and Renault s.a.s.	0.11		0.03		0.14
• Fully consolidated subsidiaries	0.04		0.05		0.09
<b>SUBTOTAL B</b>	<b>0.15</b>	<b>5%</b>	<b>0.07</b>	<b>2%</b>	<b>0.22</b>
<b>Services other than the certification of financial statements provided at the request of the entity</b>					
• Renault SA and Renault s.a.s.	0.00		0.18		0.18
• Fully consolidated subsidiaries	0.00		0.43		0.43
<b>SUBTOTAL C</b>	<b>0.00</b>	<b>0%</b>	<b>0.61</b>	<b>17%</b>	<b>0.61</b>
<b>SUBTOTAL D = B + C</b>	<b>0.15*</b>		<b>0.68</b>		<b>0.83</b>
<b>TOTAL E = A + D</b>	<b>2.97</b>	<b>100%</b>	<b>3.60</b>	<b>100%</b>	<b>6.58</b>

\* Services other than the certification of financial statements provided by Ernst & Young Audit during the financial year to Renault SA and the entities it controls involve (i) letters of intent for bond issues, (ii) certifications provided as part of subsidy applications, and (iii) agreed procedures performed on Renault s.a.s. sales data at one of its subsidiaries.

In € million	KPMG SA		KPMG network		Total 2017
	Amount	%	Amount	%	
<b>Certification of parent company and consolidated financial statements and half-yearly limited review</b>					
• Renault SA and Renault s.a.s.	2.18				2.18
• Fully consolidated subsidiaries	0.72		2.78		3.50
<b>SUBTOTAL A</b>	<b>2.90</b>	<b>89%</b>	<b>2.78</b>	<b>74%</b>	<b>5.68</b>
<b>Services other than certification of financial statements required by law and additional services</b>					
• Renault SA and Renault s.a.s.	0.05				0.05
• Fully consolidated subsidiaries	0.06		0.01		0.07
<b>SUBTOTAL B</b>	<b>0.10</b>	<b>3%</b>	<b>0.01</b>	<b>0%</b>	<b>0.115</b>
<b>Services other than the certification of financial statements provided at the request of the entity</b>					
• Renault SA and Renault s.a.s.	0.25				0.25
• Fully consolidated subsidiaries			0.97		0.97
<b>SUBTOTAL C</b>	<b>0.25</b>	<b>8%</b>	<b>0.97</b>	<b>26%</b>	<b>1.22</b>
<b>SUBTOTAL D = B + C</b>	<b>0.35*</b>		<b>0.98</b>		<b>1.33</b>
<b>TOTAL E = A + D</b>	<b>3.25</b>	<b>100%</b>	<b>3.77</b>	<b>100%</b>	<b>7.02</b>

\* Services other than the certification of financial statements provided by KPMG Audit during the financial year to your Company and the entities it controls mainly involve (i) letters of intent for bond issues, (ii) certification audits relating in particular to CSR information, and (iii) agreed procedures.

## 6.4 CROSS-REFERENCE TABLES

*Nota bene:* The following cross-reference table facilitates the identification within this Registration Document of the December 31, 2017, management report information required by the applicable legal and regulatory provisions.

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n/a: not applicable

## 6.4.2 Cross-reference table for the management report and the Corporate governance report

The following cross-reference table facilitates the identification within this Registration document of the information provided in the December 31, 2017 Management report and Corporate governance report pursuant to legal and regulatory requirements (MR= Management report, CGR= Corporate governance report).

Topic	Reference text	MR page	CGR page
<b>I-Activity</b>			
Objective and exhaustive analysis of developments in the Company's and the Group's business, results and financial position, particularly its debt position	L. 225-100 and L. 225-100-2 of the French Commercial Code	73-83, 84-89	
Company and Group status during the previous fiscal year	L.232-1 and L.233-26 of the French Commercial Code	73-74	
Foreseeable developments	L. 232-1 and L. 233-26 of the French Commercial Code	74	
Significant events that occurred between the fiscal year reporting date and the date the management report was prepared	L. 232-1 and L. 233-26 of the French Commercial Code	127	
Research and development activities	L. 232-1 and L. 233-26 of the French Commercial Code	91-101	
Non-financial key performance indicators	L. 225-100 of the French Commercial Code	223-239	
Business activity of the Company and its subsidiaries during the previous fiscal year, the results of this activity, the progress achieved or difficulties encountered, and the outlook for the future	R. 225-102 of the French Commercial Code	73-74	
Stakes acquired during the fiscal year in any company headquartered within France	L. 233-6 of the French Commercial Code		
Activity and results of the entire Company, Company subsidiaries and controlled companies by business sector	L. 233-6 of the French Commercial Code	354-361	
<b>II- Risk factors</b>			
Description of the main risks and uncertainties faced by the Company and the Group	L. 225-100 and L. 225-100-2 of the French Commercial Code	109-126	
Objectives and policies related to financial risk management, including the hedging policy and climate change	L. 225-100 and L. 225-100-2 of the French Commercial Code	109-111	
Exposure to price, credit, liquidity and cash flow risks	L. 225-100 and L. 225-100-2 of the French Commercial Code	113-115, 122-124	
Internal control and risk management procedures	L. 225-100 and L. 225-100-2 of the French Commercial Code	102-108	
Information on the vigilance plan		138-142	
<b>III- Legal and share ownership information</b>			
Name of the natural or legal persons holding, directly or indirectly, more than 5% of the share capital or voting rights	L. 233-13 of the French Commercial Code	45,69, 429-430	
Names of the controlled companies and share of the Company's capital they own (treasury shares)	L. 233-13 of the French Commercial Code	392-395	
Detail of purchases and sales of Company treasury shares during the fiscal year	L. 225-211 of the French Commercial Code	427-428	
Factors likely to have an effect in the event of a public offer	L. 225-100-3 of the French Commercial Code		425-432
Statement of employee shareholdings in share capital as of the last day of the fiscal year and portion of capital represented by the shares owned by Company employees and by the employees of companies associated to the Company under the employee share ownership plan, and by employees and former employees under employee mutual investment funds	L. 225-102 of the French Commercial Code	429-430	
Shares acquired by the employees through an employee buyout transaction	L. 225-102 of the French Commercial Code		
Table summarizing the outstanding delegations granted by the General Meeting of Shareholders to the Board of Directors for capital increases, and the use made of these delegations during the fiscal year	L. 225-100 of the French Commercial Code	426-427	
Potential adjustments for share equivalents in the event of share buybacks or financial transactions	R. 228-90 and R. 228-91,91-91,91 of the French Commercial Code	426-427	
Injunctions or monetary fines for anti-competitive practices	L. 464-2 of the French Commercial Code		



## CROSS-REFERENCE TABLES

Topic	Reference text	MR page	CGR page
<b>IV- Financial data</b>			
Table showing the Company's results over the last five fiscal years	R. 225-102 of the French Commercial Code	420	
Changes in the presentation of the financial statements or in the valuation methods used	L. 232-6 of the French Commercial Code		
Data on supplier payment terms	L. 441-6-1 of the French Commercial Code		
Earnings for the financial year and proposed distribution	CGI, article 223 quater and 39-4; 223 quinquies and 39-5	421	
Total amount of certain expenses not fiscally deductible	CGI, article 223 quater and 39-4; 223 quinquies and 39-5	409-410	
Amount of loans between authorized partner companies	L.511-6 3bis, para. 2 of the French Monetary and Financial Code R.511-2-1-1 and s. of the French Monetary and Financial Code	410-411, 414-416	
Total dividends distributed over the last three fiscal years	Article 243 bis of the French General Tax Code	434	
<b>V – Corporate governance and remuneration of senior executives</b>			
Reference to a corporate governance code	L.225-37-3, of the French Commercial Code		278
Senior executive compensation policy (Say on Pay)	L.225-37-2, L.225-82-2, of the French Commercial Code		285-291
Total remuneration and benefits of any kind paid to each corporate officer by the Company, the controlled companies or the controlling Company during the fiscal year	L. 225-102-1 of the French Commercial Code		282-305, 389
Commitments of any nature made by the Company for the benefit of its corporate officers, such as items of remuneration, indemnities or benefits owed, or likely to be owed, due to the assumption of a position or a termination or change in position, or subsequently to these events	L. 225-102-1 of the French Commercial Code		282-305
List of all offices and positions held in any company by each of the corporate officers during the fiscal year	L. 225-102-1 of the French Commercial Code		250
Conditions for the exercise and retention of options awarded to the corporate officers	L. 225-185 of the French Commercial Code	304	
Conditions for the retention of bonus shares awarded to the Chief Executive	L. 225-197-1 of the French Commercial Code	304	
Summary of transactions involving Company shares performed by the senior executives	L. 621-18-2 of the French Monetary and Financial Code Article 223-26 of the AMF General Regulation	302-304	
Mention of the choice made by the Board of Directors relating to stock options and bonus shares awarded to senior executives		285-293	
<b>VI – Corporate social data and environmental data</b>			
Corporate social data	L. 225-102-1 of the French Commercial Code	151-180	
Environmental data	L. 225-102-1 of the French Commercial Code	181-212	
Information on societal commitments promoting sustainable development	L. 225-102-1 of the French Commercial Code	237	
Information for companies operating at least one plant appearing on the list provided in Article L. 515-36 of the French Environmental Code	L. 225-102-2 of the French Commercial Code	-	

### 6.4.3 Cross-reference table of the annual financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF General Regulation

The following cross-reference table facilitates the identification within this Registration document of the December 31, 2017 annual financial report.

Topic	Page
Financial statements	405-421
Consolidated financial statements	318-396
Management report incorporating, at minimum, the information mentioned in Articles L. 225-100, L. 225-100-3, L. 225-211 paragraph 2 and L. 225-100-2 of the French Commercial Code	See 6.4.2
Statement of the persons assuming responsibility for the annual financial report	440
Statutory Auditors' reports on the financial and consolidated statements	397-400,314-317
Communiqué regarding the Statutory Auditors' fees	443

## 6.4.4 GRI Standards indicators and Global Compact principles

Global Compact 10 Principles	For Groupe Renault	
<b>Human Rights</b>		
Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and	2.1.2/ 2.1.5/ 2.1.8/ 3.3	The Group vision / Criteria and standards / Vigilance plan / Ethics policy
Principle 2: make sure that they are not complicit in human rights abuses.	2.1.8/ 2.3.2/ 2.3.3	Vigilance plan / CSR and Supply chain network/ CSR in the distribution network
<b>Labour</b>		
Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	2.4.4	Social dialog – Global Framework Agreement
Principle 4: the elimination of all forms of forced and compulsory labour;	2.1.8/ 2.3.2/ 2.4.4	Vigilance plan / CSR and Supply chain network / Social dialog
Principle 5: the effective abolition of child labour; and	2.1.8/ 2.3.2/ 2.4.4	Vigilance plan / CSR and Supply chain network / Social dialog
Principle 6: the elimination of discrimination in respect of employment and occupation.	2.4.2.1	Better reflect customer diversity in Renault teams
<b>Environment</b>		
Principle 7: businesses should support a precautionary approach to environmental challenges;	2.6.1	Environmental policy of Groupe Renault
Principle 8: undertake initiatives to promote greater environmental responsibility; and	2.6.2/2.6.3	Company-wide environmental management Environmental impact
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	2.6.2/2.6.3	Company-wide environmental management Environmental impact
<b>Anti-Corruption</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	2.1.1/2.1.8/3.3	CSR and the strategic plan / Vigilance plan / Ethics policy

## GLOBAL REPORTING INITIATIVE (STANDARDS)

## Comprehensive option (self declared)

2017	GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference
	102-1	Name of the organization	5.1.1.1		
	102-2	Activities, brands, products, and services	1.1.3.1/ 1.1.5 2.2.1/ 2.3.4	MOD05. Connected and autonomous vehicles MOD09. Sustainable cities (including urban mobility and congestion) and Smart Mobility	2.9.1 2.9.1
	102-3	Location of headquarters	5.1.1.1		
	102-4	Location of operations	1.3.1.3		
	102-5	Ownership and legal form	5.1.1.2/ 5.2.6		
	102-6	Markets served	1.1.3.2/ 1.1.5/ 1.1.7/ 1.3.1		
	102-7	Scale of the organization	2.4/ 1.1.3		
	102-8	Information on employees and other workers	2.4.1.1 + methodological note		
	102-9	Supply chain	2.1.8/ 2.3.2		
	102-10	Significant changes during the reporting period	1.1.4		
	102-11	Precautionary principle or approach	1.5		
	102-12	External initiatives	2.1.5		
	102-13	Membership of national or international advocacy organizations	2.1.6/ 2.3.2.4/ 2.6	EGR03. Stakeholder dialog	2.9.1/ 2.1.1
	102-14	Statement from senior decision-maker	2.1.2		
			2.1.2/ 2.1.5/ 3.1.1/ 3.3/ 2.3/ 2.4	EGR01. Business ethics and compliance	2.9.1/ 2.1.1
GRI 102: General disclosures	102-16	Value, principles, standards, and norms of behavior	group.renault.com/nos-engagements/pour-une-ethique-partagee/charte-ethique/ group.renault.com/nos-engagements/notre-responsabilite-sociale-et-societale/achats-responsables/		
	102-18	Governance structure of the organization and committees responsible for decision-making on economic, environmental, and social topics	2.1.4/ 3.1.1/ 3.1.4/ 3.1.5	EGR04. Corporate governance	2.9.1/ 2.1.1
	102-40	Stakeholders	2.1.6	EGR03. Stakeholder dialog	2.9.1/ 2.1.1
	102-41	Employees covered by collective bargaining agreements	2.4.4.3		
	102-42	Identifying and selecting stakeholders	2.1.6		
	102-43	Approach to stakeholder engagement	2.1.6		
	102-44	Key topics and concerns raised	2.1.6		
	102-45	Entities included in the consolidated financial statements	2.1.7.1		
	102-46	Defining report content and aspect boundaries	2.1.6.1/ 2.1.7		
	102-47	List of material issues	2.1.6.1/ 2.9.1		
	102-48	Restatements of information	/		
	102-49	Significant changes	2.9.2/ 2.9.3/ 2.9.4		
	102-50	Reporting period	5.1.1.7		
	102-51	Date of most recent report	5.4.5		
	102-52	Reporting cycle	5.1.1.7		

## CROSS-REFERENCE TABLES

2017	GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference	
GRI 102: General disclosures	102-53	Contact point	Inside back cover			
	102-54	Reporting option in accordance with the GRI standards	6.4.4/ 2.1.7			
	102-55	GRI content index	6.4.4			
	102-56	External assurance	2.9.7			
<b>GRI 200: ECONOMIC STANDARDS</b>						
GRI 203: Indirect economic impacts	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.8	EGR06. Community and local development	2.9.4/ 2.1.1
				2.8.1.3	INC09. Philanthropy	2.9.4/ 2.1.1
				2.2.2	INC01. Products and services affordability	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.2.1	MOD09. Sustainable cities (including urban mobility and congestion) and Smart Mobility	2.9.1/ 2.1.1
				2.1.1		
				2.1.1		
				1.4.1.1/ 2.2.2.1		
203-2	Significant indirect economic impacts, including the extent of impacts	2.8				
GRI 204: Procurement practices	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.3.2	EGR05. Supplier and dealer relations	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.3.2		
		103-3	Evaluation of the management approach	2.3.2		
		204-1	Proportion of spending on local suppliers at significant locations of operation	Confidential as considered to be strategic competitive information		
GRI 205: Anti-corruption	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	3.3/ 2.1.8	EGR01. Business ethics and compliance	2.9.1
		103-2	The management approach and its components	3.3/ 3.1.5		
		103-3	Evaluation of the management approach	3.3 / 3.1.5		
		205-2	Communication and training about anti-corruption policies and procedures	3.3.3		
<b>GRI 300: ENVIRONMENTAL STANDARDS</b>						
GRI 301: Materials	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.2	MOD04. Resources management and circular economy	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.6.2		
		103-3	Evaluation of the management approach	2.6.2		
		301-1	Materials used by weight or volume	2.6.3.2		
		301-2	Percentage of recycled input materials used	2.6.3.2		
GRI 302: Energy	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.1	MOD07. Energy management (industrial sites and logistics)	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.6.2		
		103-3	Evaluation of the management approach	2.6.2		
		302-1	Energy consumption within the organization	2.6.3.1		
		302-2	Energy consumption outside of the organization	2.6.3.1		
		302-3	Energy intensity	2.6.3.1		
		302-4	Reduction of energy consumption	2.6.2.4/ 2.6.3.1		
302-5	Reductions in energy requirements of products and services	2.6.2.2/ 2.6.3.1				

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## ADDITIONAL INFORMATION

## CROSS-REFERENCE TABLES

2017	GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference	
GRI 303: Water	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.3	MOD13. Water management	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.6.2		
	103-3	Evaluation of the management approach	2.6.2			
	303-1	Total volume of water withdrawn by source	2.6.3.3			
	303-2	Water sources significantly affected by withdrawal of water	2.6.3.3			
	303-3	Water recycled and reused	2.6.3.3			
GRI 304: Biodiversity	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.7	MOD14. Biodiversity	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.6.2		
		103-3	Evaluation of the management approach	2.6.2		
		304-1	Operational sites in protected areas or areas of high biodiversity value	2.6.3.7		
GRI 305: Emissions	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.1	MOD01. Vehicle Carbon footprint (full life cycle)	2.9.1/ 2.1.1
				2.6.3.4	MOD02. Vehicle Impacts on air quality	2.9.1/ 2.1.1
		2.6.3.4	MOD12. Industrial sites impact on air quality	2.9.1/ 2.1.1		
		103-2	The management approach and its components	2.6.2		
		103-3	Evaluation of the management approach	2.6.2		
		305-1	Direct (Scope 1) GHG emissions	2.6.3.1/ 2.9.3.1		
		305-2	Energy indirect (Scope 2) GHG emissions	2.6.3.1/ 2.9.3.1		
		305-3	Other indirect (Scope 3) GHG emissions	2.6.3.1/ 2.9.3.1		
		305-4	GHG emissions intensity	2.6.3.1		
305-5	Reduction of GHG emissions	2.6.3.1				
305-7	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	2.6.3.4				
GRI 306: Effluents and waste	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.6.3.2/ 2.7.2	MOD04. Resources management and circular economy	2.9.1/ 2.1.1
				2.4.3.1/ 1.6.1.2/ 2.6.3.5	MOD10. Industrial site Safety management	2.9.1/ 2.1.1
		2.6.3.2	MOD11. Waste management	2.9.1/ 2.1.1		
		103-2	The management approach and its components	2.6.2/ 2.6.3.5		
		103-3	Evaluation of the management approach	2.6.2 / 2.6.3.5		
		306-1	Total water discharge by quality and destination	2.9.3.3		
		306-2	Total weight of waste by type and disposal method	2.6.3.2/ 2.9.3.3		
GRI 307: Environmental compliance	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	Valid for all environmental issues mentioned above		
		103-2	The management approach and its components	2.6.2		
		103-3	Evaluation of the management approach	2.6.2		
		307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1.6.1.3 (disputes) / 4.2.6.3 Note 20 – Other provisions		
GRI 308: Supplier environmental assessment	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.3.2.2	EGR05. Supplier and dealer relations	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.3.2 / 1.6.1.3 (disputes)		
		103-3	Evaluation of the management approach	2.3.2/ 2.1.8		
		308-1	Percentage of new suppliers that were screened using environmental criteria	2.3.2.2		
		308-2	Significant actual and potential negative environmental impacts identified in the supply chain and action taken	2.1.8		

## CROSS-REFERENCE TABLES

2017	GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference	
<b>GRI 400: SOCIAL</b>						
<b>GRI 401: Employment</b>	<b>GRI 103: Management approach</b>	103-1	Explanation of the material aspect and its boundary	2.4 Methodological note	INC03. Responsible management	2.9.1
		103-2	The management approach and its components	2.4		
		103-3	Evaluation of the management approach	2.4		
	401-1	Total number of new employee hires and rate of employee turnover	2.4.1.1			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.6.4 (Note 18 - G)			
<b>GRI 402: Labor/management relations</b>	<b>GRI 103: Management approach</b>	103-1	Explanation of the material aspect and its boundary	2.4	INC03. Responsible management	2.9.1
		103-2	The management approach and its components	2.4		
		103-3	Evaluation of the management approach	2.4		
	402-1	Minimum notice periods regarding operational changes	Not applicable: the minimum notice periods vary according to national legislation and the type of agreement (e.g. competitiveness agreement, working time arrangements, etc.) and are therefore decided in agreement with the social partners.			
<b>GRI 403: Occupational health and safety</b>	<b>GRI 103: Management approach</b>	103-1	Explanation of the material aspect and its boundary	2.4.3.1	INC02. Employee health & safety and work environment	2.9.1
		103-2	The management approach and its components	2.4.3.1		
		103-3	Evaluation of the management approach	2.4.3.1/ 2.1.8		
		403-2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	2.4.3.1		
		403-4	Health and safety topics covered in formal agreements with trade unions	2.4.4.2		
<b>GRI 404: Training and education</b>	<b>GRI 103: Management approach</b>	103-1	Explanation of the material aspect and its boundary	2.4.1.4	INC07. Skills management	2.9.1
		103-2	The management approach and its components	2.4.1.4		
		103-3	Evaluation of the management approach	2.4.1.4		
		404-1	Average hours of training per year per employee	2.4.1.4		
		404-2	Programs for upgrading employee skills and transition assistance programs to facilitate continued employability and the management of career endings	2.4.1.4		
		404-3	Percentage of employees receiving regular performance and career development reviews	2.4.3.2		
<b>GRI 405: Diversity and Equal Opportunity</b>	<b>GRI 103: Management approach</b>	103-1	Explanation of the material aspect and its boundary	2.4.2.1	INC05. Diversity and equal opportunities	2.9.1/ 2.1.1
			2.4.3.2	INC08. Compensation & Benefits		
		103-2	The management approach and its components		2.4.1.4	
		103-3	Evaluation of the management approach		2.4.1.4	
		405-1	Diversity of governance bodies and employees	3.1.1		

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## ADDITIONAL INFORMATION

## CROSS-REFERENCE TABLES

2017		GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference
GRI 406: Non-discrimination	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.4.2.1	INC05. Diversity and equal opportunities	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.4		
		103-3	Evaluation of the management approach	2.4		
		406-1	Incidents of discrimination and corrective actions taken	2.4.4.1		
GRI 407: Freedom of association and collective bargaining	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.4.4	INC06. Human rights	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.4		
		103-3	Evaluation of the management approach	2.4.4/ 2.1.8		
		407-1	Operations and suppliers in which workers' rights to exercise freedom of association and collective bargaining may be violated or at significant risk	Confidential as considered to be strategic competitive information		
GRI 408: Child labor	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.4.4/ 2.1.8	INC06. Human rights	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.4.4/ 2.1.8		
		103-3	Evaluation of the management approach	2.4.4/ 2.1.8		
		408-1	Operations and suppliers identified as having significant risk for incidents of child labor	Confidential as considered to be strategic competitive information		
GRI 409: Forced or compulsory labor	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.4.4/ 2.1.8	INC06. Human rights	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.4.4/ 2.1.8		
		103-3	Evaluation of the management approach	2.4.4/ 2.1.8		
		409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	Confidential as considered to be strategic competitive information		
GRI 412: Human rights assessment	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.3.2	EGR05. Supplier and dealer relations	2.9.1
				2.4.4/ 2.1.8	INC06. Human rights	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.4.4/ 2.1.8/ 3.1.4		
		103-3	Evaluation of the management approach	2.4.4 / 2.1.8		
		412-1	Operations that have been subject to human rights reviews or impact assessments	Confidential as considered to be strategic competitive information		
GRI 413: Local communities	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.8	EGR06. Community and local development	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.1.1/ 2.8		
		103-3	Evaluation of the management approach	2.8		
		413-1	Operations with local community engagement, impact assessments and development programs	2.8.2		



## CROSS-REFERENCE TABLES

2017	GRI standard	Required information	Section of the Registration document	Materiality matrix issue	Matrix reference	
GRI 414: Supplier social assessment	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.3.2.2/ 2.1.8	EGR05. Supplier and dealer relations	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.3.2		
		103-3	Evaluation of the management approach	2.3.2/ 2.1.8		
		414-1	New suppliers that were screened using social criteria	2.3.2.2		
		414-2	Significant actual and potential negative impacts on human rights identified in the supply chain and measures taken	2.1.8		
GRI 416: Customer health and safety	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.7.1	MOD03. Vehicle safety	2.9.1
				2.7.1	MOD06. Road user safety	2.9.1/ 2.1.1
				2.7.2	MOD08. Passenger health	2.9.1/ 2.1.1
				2.2.2	INC04. Product and service physical accessibility	2.9.1/ 2.1.1
		103-2	The management approach and its components	2.7.1		
		103-3	Evaluation of the management approach	2.7.1		
416-1	Assessment of the health and safety impacts of product and service categories	2.7.1/ 2.7.2				
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.7.1.3		
GRI 417: Marketing and labeling	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.1.8/ 2.3.4/ 3.3	EGR01. Business ethics and compliance	2.9.1/ 2.1.1
				2.7.1	MOD03. Vehicle safety	2.9.1
		103-2	The management approach and its components	3.3/ 3.1.5		
		417-1	Requirements for product and service labeling	2.3.3/ 2.3.4		
GRI 418: Customer privacy	GRI 103: Management approach	103-1	Explanation of the material aspect and its boundary	2.3.5	EGR02. Cyber security and data privacy	2.9.1
		103-2	The management approach and its components	2.3.5		
		103-3	Evaluation of the management approach	2.3.5		
		418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	2.3.5		

# GLOSSARY

## A

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**Alliance:** Renault, Nissan, Mitsubishi and AVTOVAZ are members of the Alliance (a legal structure described in chapter 1.2 of this document) with a cumulative sales volume for 2016 of over 9.9 million units.

**AVES:** Alliance Vehicle Evaluation System. A system of quality checks conducted on new vehicles as they come off the assembly lines. AVES applies a detailed method comprising a static/visual component and a dynamic component to detect any visual or mechanical defects or abnormal noises.

**AVTOVAZ:** Russian company, manufacturer of the Lada brand in which Renault has a controlling interest, via a joint-venture, fully consolidated in Renault's financial statements since the end of 2016.

## C

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**CAFE:** the "CAFE" (Corporate Average Fuel Economy) represents the average level of fuel consumption or CO<sub>2</sub> emissions for all passenger cars sold by a carmaker.

**CMF:** Common Module Family, a sharing principle, via a series of platforms shared between Renault and Nissan, based on a modular system of architecture that enables a wide range of vehicles to be built from a smaller pool of parts, creating higher added-value for the Group's customers.

**CCT:** Cross-Company Team, a team consisting of representatives from Renault and Nissan who explore opportunities for synergy between the two companies within the framework of the Alliance.

**CVT:** Continuously Variable Transmission. A gearbox technology that enable the vehicle to run at optimum power. A CVT delivers better fuel economy than a conventional automatic transmission. It provides a smoother, more comfortable driving experience by shifting seamlessly through gear ratios with no break in acceleration.

## D

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**DPF:** Diesel Particulate Filter: a particulate filter removes diesel particulate matter from exhaust gases by trapping them in a microporous honeycomb structure. The filter is automatically regenerated every 500 km.

**Downsizing:** reduction in engine capacity. Optimizing internal combustion engines remains one of the most effective ways of limiting fuel consumption, and therefore greenhouse gas emissions. Downsizing involves reducing the capacity of the engines -and thus fuel consumption and CO<sub>2</sub> emissions - while maintaining performance.

## E

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**EBA:** emergency brake assist, a system that detects emergency braking situations and instantaneously increases braking pressure to shorten the distance the vehicle takes to stop.

**Euro NCAP:** European New Car Assessment Program. Safety standards for crash tests in Europe.

Euro NCAP performs crash tests to give consumers precise information about the safety of their cars.

Since 2009, Euro NCAP has released a single overall rating for each vehicle tested, which comprises assessments of Adult Occupant Protection, Child Occupant Protection, Pedestrian Protection and Safety Assist. Euro NCAP also publishes information about ESC fitment and the results of rear impact (whiplash) tests in terms of seat design.

**Euro 5 and Euro 6:** the Euro 5 emission standards are part of the Euro emission standards, which set the maximum pollutant emission limits, excluding CO<sub>2</sub>, for cars and other vehicles. The Euro 5 emission standard came into effect in September 2009 for new car certifications and covers all new cars since January 2011. In 2014, Euro 6, which focuses mainly on NO<sub>x</sub> emissions, took its place.

## F

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**FCF:** Free Cash Flow is the amount of cash generated by a company after interest payments, tax and net investments. FCF is used to:

- reduce the Net Financial Debt of Automotive;
- pay dividends;
- buy back the company's own shares and minority interests;
- carry out external growth operations: acquire companies or make investments in associated companies.

The FCF for Automotive sectors is an indicator defined by the Renault Group and calculated from the accounting data in the Statement of Changes in Cash. However, this indicator is neither defined in nor required by IFRS.

The Group has chosen to calculate this indicator on the scope of the Automotive sectors, excluding all elements from the Sales Financing sector, with the exception of dividends paid and capital increases in Sales Financing.

Free Cash Flow is obtained from the elements in the Statement of Changes in Cash for Automotive sectors by summing the following elements:

Cash flow (excluding dividends received from publicly listed companies and including dividends received from Sales Financing)

- + Change in working capital requirements
- + Tangible and intangible investments net of disposals
- + Change in capitalized leased assets (vehicles and batteries)
- Subscription to capital increases from Sales Financing

### = Automotive sectors' operational free cash flow

**FTT:** Functional Task Teams: a team consisting of representatives from Renault and Nissan who share their expertise in processes, standards and management tools within the framework of the Alliance.

**Fuel cell:** Consisting of a nucleus and a single electron, hydrogen is the simplest and lightest of the elements. It is fourteen times lighter than air. In a fuel cell, hydrogen and oxygen are brought into contact on either side of a polymer electrolyte membrane. They combine to produce water, the only "emission" of the engine, which generates electricity and heat. It is this electrical energy that powers the vehicle's electric engine.

## G

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**GEC:** Group Executive Committee, which is in charge of the Company's strategic directions and decisions.

**Groupe Renault:** the Group manufactures and sells passenger cars and utility vehicles under three brands: Renault, Dacia and Renault Samsung Motors for a total volume of over 3.1 million vehicles sold in 2016.

## H

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**HSE:** Renault created an HSE division (Health, Safety, Environment) on September 1, 2016. Its task is to converge policies on working conditions, health, safety and the environment. The task of this new entity is to carry out the Group's HSE governance by defining an overall policy and ambitious progress targets in respect of safety and working conditions, ergonomics, industrial health and the environment in collaboration with corresponding functions.

## K

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**KPI:** Key performance indicators. KPIs are used to measure the company's performance. They provide an overview of the Group's performance, which is reported monthly to the GEC. KPIs are the main tool for performance management in each geographical region or business line.

## L

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**LAB:** Laboratory of Accidentology, Biomechanics and Human Behavior. The LAB reflects will to improve road safety by combining several scientific disciplines at the crossroads between physics and human sciences. The accidentology and driver behavior teams analyze the causes and effects of road accidents with a view to improving prevention. The biomechanics team works toward better occupant protection.

## M

**Materiality Matrix:** the Materiality matrix is a tool which enables prioritization of extra-financial stakes with strategic reach. By conducting a materiality analysis, the Company works on the subjects that have a (potentially) extensive and significant impact on its business model, and then translate these (as far as possible) into indicators. The methodology used must be comprehensible, reproducible and transparent.

The **Monozukuri** is the indicator that measures performance growth for the Purchasing, Warranty, R&D, Production and Logistics business activities over the current year versus the previous year. It is calculated excluding changes in raw materials, mix effects, enrichment, volume and currencies.

## N

**NEDC:** the NEDC (New European Driving Cycle) is a standardized driving cycle and test procedure used to measure the emission levels and fuel economy of all types of vehicles in Europe. The NEDC is thus an objective criterion for assessing the performance of models by different manufacturers. The vehicle is put on a roller test bench and put through the same urban cycle three times (cycle ECE-15), followed by one non-urban cycle. The average of the four cycles is the average fuel economy.

## O

**Open Innovation Lab:** the creation of Open Innovation Labs is part of the Renault-Nissan Alliance's innovation culture and strategy: they enable innovation opportunities to be cultivated based on an open eco-system comprising start-ups, universities and investors and a local economy such as local authorities, associations, customers and markets. These laboratories bring together in one place the three pillars of open innovation: the socialization of knowledge (events, conferences, think tanks, meet-ups), creativity and innovative design methods (design thinking, Fablab) and new economy leveraging (acceleration of start-ups, collaborative and open modes and platforms). Since March 2017, there are three in the world (Silicon Valley, Tel Aviv and Paris).

**Operating income:** includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs (see operating margin).

**Operating margin:** the operating margin corresponds to the operating income before taking into account other operating income and expenses which by nature or exception have a significant or unusual character and may affect margin comparisons. Other operating income and expenses mainly include:

- restructuring provisions associated with activity stoppages and the costs of workforce adjustment measures;
- income from disposals of activities or operational investments (total or partial), the income from disposals of investments in associates and joint ventures (total or partial), other income from changes in scope such as takeovers under IFRS 10 of entities previously consolidated under the equity method and the direct acquisition costs of companies consolidated by full consolidation or according to the percentage share specific to each balance sheet and income statement item;
- gains and losses on disposal of property, plant and equipment and intangible assets (except leased asset sales);
- impairment of intangible assets and property, plant and equipment and goodwill (excluding goodwill from associated companies and joint ventures);
- income and expenses that are unusual in their frequency, nature or amount, in respect of disputes or impairment on significant operating receivables.

**Oyak-Renault:** Renault's manufacturing partner in Turkey.

## R

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**R&AE:** Research and Advanced Engineering. R&AE activities are managed across the company's engineering departments using a shared, structured plan. The plan covers all vehicle, powertrain, product, process and service applications.

**REACH:** (for Registration, Evaluation and Authorization of CHemicals) is a regulation adopted in 2006 by the European Parliament and Council. It has enabled the creation of a Community system for the registration, evaluation and authorization of chemical substances managed by the new European Chemicals Agency (ECHA) based in Helsinki.

The implementation of REACH is the result of three main intentions: to expand knowledge of the health and environmental risks of over 30,000 chemical substances, to implement a substitution policy for the most harmful substances and to entrust manufacturing and exporting companies with the evaluation and management of risks linked to these substances.

**Revenues:** revenues include all income from the sale of the Group's automotive products, less rebates for services linked to these sales, and the different sales financing revenues sold to customers by Group companies.

**RMC:** Regional Management Committee, which represents most of the Company's central business functions, meets monthly and contributes to growing the Company's presence, in both volume and market share, in the markets of the region in question. GEC: Group Executive Committee, which is in charge of the Company's strategic directions and decisions.

**RNPO:** Renault Nissan Purchasing Organization, Shared Renault and Nissan division, created in 2001, responsible for purchasing parts and all other activities for the two companies.

## S

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**Shareholders' equity:** the Group manages the equity for the Automotive division excluding AVTOVAZ using a ratio, equal to net debt for the Automotive segment excluding AVTOVAZ divided by the amount of shareholders' equity. Net financial indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the segment's loans. Shareholders' equity is as reported in the Group's financial position. The Automotive segment excluding AVTOVAZ presents a net liquidity position at December 31, 2016 and December 31, 2015 (section 4.2.6.1- A4).

## T

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**TAM:** Total Automotive Market. The TAM is an aggregate figure representing new registrations of all automotive makes in the same market. TAM is frequently used in conjunction with Market Share (MS).

**TCE:** turbo control efficiency. TCE engines are equipped with a low inertia turbo that ensures minimal lag, thanks to its small-diameter turbine and compressor. The marriage of small capacity and low inertia turbo ensures lively response from low revs.

## W

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**WLTP:** Worldwide harmonized Light vehicles Test Procedure. In the vehicle approval process, WLTP is the new procedure for measuring CO<sub>2</sub> emissions and pollutant consumption and emissions under conditions more representative of customer use and the diverse nature of vehicle equipment. It has gradually been replacing the NEDC procedure since September 1, 2017. In line with the Euro 6d standard, which has gradually been implemented since September 1, 2017, this standard laboratory test procedure is supplemented by road tests that use the new Real Driving Emissions (RDE) protocol.

# INITIALS AND ACRONYMS

## A

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**AAA:** French automobile manufacturers' association (Association auxiliaire automobile)

**ABS:** Anti-lock Braking System

**ADEME:** Environment and energy management agency (Agence de l'environnement et de la maîtrise de l'énergie)

**AM:** Asset Management

**APP:** EU Agency for the Protection of Programs

**ARC:** EU Accounting Regulatory Committee

**ASFE:** Alliance for Synthetic Fuels in Europe

**AV:** Autonomous vehicle

**AVES:** Alliance Vehicle Evaluation System

**AVTOVAZ:** Renault's subsidiary in Russia

## B

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**BOP:** Bottom Of the Pyramid

**BOT:** Build Operate Transfer Agreements

**BPU:** Single Personnel Database

## C

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**CAC:** Statutory Auditors

**CAE:** Computer-Aided Engineering

**CAFE:** Corporate Average Fuel Economy (indicator)

**CARE:** Audit, Risk and Ethics Committee

**CASA:** Ceasing of activity by older employees

**CCI:** Chamber of Commerce and Industry

**CCT:** Cross-Company Team

**CDC:** Public infrastructure investment agency (Caisse des dépôts et consignations)

**CDP:** Carbon Disclosure Project

**CECC:** Country Ethics and Compliance Committee

**CESP:** Company Employee Savings Plan

**CMF:** Board of financial markets

**CMS:** Constant Maturity Swap

**CNC:** National audit office (Conseil national de la comptabilité)

**CNG:** Compressed Natural Gas

**CVT:** Continuously Variable Transmission

## D

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**DRIRE:** Regional directorate for industry, research and the environment (Direction régionale de l'industrie, de la recherche et de l'environnement)

## E

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**EBA:** Emergency Brake Assist

**EBIT:** Earnings before Interest and Tax

**ECB:** European Central Bank

**EFNA:** Automotive division net financial debt

**EIB:** European Investment Bank

**EIG:** Economic Interest Grouping

**ELV:** End-of-Life Vehicle

**EMU:** Economic and Monetary Union

**EONIA:** Euro Overnight Index Average (overnight interest rate)

**EPE:** Association of environmentally-concerned companies (Entreprises pour l'Environnement)

**ESP:** Electronic stability control. Trajectory control

**EU:** European Union

**EV:** Electric vehicle

## **F**

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**FED:** US Federal Reserve

## **G**

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**GEC:** Group Executive Committee

**GESP:** Group Employee Savings Plan

**GHG:** Greenhouse Gases

**GmbH:** Limited liability company in German-speaking countries (Gesellschaft mit beschränkter Haftung)

**GNP:** Gross National Product

## **H**

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**HMI:** Human-Machine Interface

**HR:** Human Resources

## **I**

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**IASB:** International Accounting Standards Board

**IBS:** Identifiable Bearer Securities

**ICPE:** in France, environmentally-sensitive facilities, which must undergo regular inspections (installations classées pour la protection de l'environnement)

**ICV:** International Corporate Volunteer

**IFA:** French minimum turnover tax (imposition forfaitaire annuelle)

**IFRS:** International Financial Reporting Standards

**ILO:** International Labor Organization

**ISO 9000:** International Organization for Standardization quality management standard

## **J**

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**JV:** Joint-venture

## **L**

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**LCA:** Life-Cycle Assessment

**LCV:** Light Commercial Vehicle

**LIBOR:** London Interbank Offered Rate

**LTL:** Long-term leasing

## M

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**MCV:** Multi-Convivial Vehicle

**MOU:** Memorandum of Understanding

**MPV:** Multi-Purpose Vehicle

## N

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**NO<sub>x</sub>:** Nitrogen oxides

**NER:** New Economic Regulations Act of 2001, requiring listed companies to include environmental impact data in their annual reports (loi sur les nouvelles régulations économiques)

**NGO:** Non-Governmental Organization

**NGV:** Natural Gas Vehicle

**NV:** New Vehicle

## O

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**OaO:** Overall Opinion

**OBSAR:** Warrant bond (Obligation à bons de souscription d'actions remboursables)

**OECD:** Organization for Economic Co-operation and Development

**ONERA:** French aerospace research agency (Office national d'études et de recherches aérospatiales)

**OOIE:** Other operating income and expenses

**OPA:** Takeover bid

**OPE:** Public Exchange Offer

**OSCE:** Organization for Security and Co-operation in Europe

## P

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**PC:** Passenger Car

**PDCA:** Plan, Do, Check, Act

**PEA:** Equity investment plan (plan d'épargne en actions)

**PEL:** Homebuyers' savings plan (plan d'épargne-logement)

**PERP:** Retirement savings plan (plan d'épargne retraite personnalisé)

**PIP:** Practical Idea for Progress

**PPM:** Parts Per Million

## R

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**RCS:** French business register (Registre du commerce et des sociétés)

**REACH:** Registration, Evaluation and Authorization of Chemicals

**R&D:** Research and Development

**RIA:** Recyclability Index for Automobiles

**RGC:** Renault Group Committee

**RMC:** Regional Management Committee

**ROCE:** Return on Capital Employed

**ROE:** Return on Equity

## S

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**SAM:** Sustainable Asset Management, a sustainability rating agency

**SRP:** Renault System for Restraint and Protection

**SRI:** Socially Responsible Investing

**SUV:** Sport Utility Vehicle

## T

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**TACE:** Activity rate excluding holidays

**tCO<sub>2</sub>eq:** Metric tons of CO<sub>2</sub> equivalent

**TFI:** International French-language proficiency test (Test de français international)

**TPAM:** Third-Party Application Maintenance

## U

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**UCITS:** Undertakings for Collective Investment in Transferable Securities

**UV:** Used Vehicle

## V

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**VAR:** Value at risk

**VPC:** mail-order selling

## W

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**WEF:** World Economic Forum

**WTO:** World Trade Organization

## Z

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**ZE:** Zero Emission







# DISCOVER

The digital versions of the 2017 Annual Report  
and the 2017 Registration Document

on our website:

<http://www.groupe.renault.com>



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## Crédits photos :

Cover: GUERRA, Fernando.

Internal pages: WENDLER, Markus /

PRODIGIOUS Production

Pagecran / MONTERO, Francesc / Augustin

Detienne / Yannick Brossard / PIVETAL,

Nicolas / Renault Communication / Renault

Design / Médiathèque Renault / Renault

Marketing 3D-Commerce.



This document is printed in France  
by an Imprim'Vert certified printer on PEFC  
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