

**Answers to written questions  
Shareholders' general meeting of June 12, 2019**

**SHAREHOLDER A**

**Questions 1 to 5 : Renault-Nissan Alliance and Renault-Nissan BV (RNBV)**

In a press release published on October 30, 2001, Renault and Nissan announced the creation of Renault-Nissan BV (RNBV):

“The proposed agreement provides for the creation of Renault-Nissan BV, an Amsterdam-based management company, owned jointly and equally by Renault and Nissan, with headquarters in Paris and Tokyo. Renault-Nissan BV will determine the strategy of the Alliance and will coordinate its activities at the level, without being involved in the operational management, and in the respect of the identity and culture of each company. ”

Renault-Nissan BV was formed on March 28, 2002.

As a shareholder of Renault, I am therefore *de facto* a “co-owner” of Renault-Nissan BV (RNBV)...

RNBV does not have any own resources given that it does not have its own production capabilities. RNBV therefore operates with financial, material and human resources (in principle on an equal basis) provided by Renault and Nissan.

**Question 1**

What have been since 2002 and until 2018, and this year after year (*i.e.* during 16 years) the financial resources made available to RNBV by Groupe Renault, *i.e.* what are the amounts of the financial transfers from Groupe Renault and the date of such transfers since 2002?

The annual budget of Renault-Nissan BV (« **RNBV** ») varies depending on the projects that the Alliance partners Alliance decide to entrust to RNBV.

It is regularly between EUR 40 million and EUR 80 million. It is equally funded by Renault and Nissan.

The primary purpose of the budget is to compensate Renault and Nissan for the services provided to RNBV, including the secondment of employees for the Alliance.

Thus, from approximately EUR 18 million to EUR 30 million are annually paid back by RNBV to Renault and Nissan (substantially on an equal basis).

The audited financial statements of RNBV are available on the website of the chamber of commerce of the Netherlands (Kamer van Koophandel – [www.kvk.nl](http://www.kvk.nl)). The website is available in English).

## Question 2

Since 2002, which department of the Group Renault has been in charge of the financial transfers to RNBV, at the request of which bodies and / or persons of the Group Renault (signatures)?

The budget of RNBV is established on an annual basis by the teams of the Alliance, from Renault and Nissan.

The budget is then approved by the executive officers of RNBV, *i.e.* by the Chairman & CEO and by the Management Board of RNBV, comprised of executives from Renault and Nissan.

## Question 3

3.1. Since 2002, have there been any audits of the activities and of the accounting of RNBV carried out by Groupe Renault or by external bodies to Renault?

The activities of RNBV are controlled by the employees seconded by Renault and Nissan.

The accounting and the internal control are in particular entrusted to employees of Nissan, who are seconded to RNBV.

The financial statements of RNBV are audited by the firm Ernst & Young LLP, as statutory auditor of RNBV.

3.2. If yes, how many audits have been carried out throughout the years?

Controls are carried out on an ongoing basis by the employees of the Alliance.

That being said, the joint audit conducted by Renault and Nissan revealed major deficiencies in the internal organization of RNBV in terms of financial transparency and expenditure control procedures. The Board of Directors has requested the General Management to work with Nissan in order to jointly remedy such deficiencies as soon as possible.

In this context, the internal control process has already been strengthened.

The accounts of RNBV are audited annually by the statutory auditors of RNBV.

## Question 4

4.1. What have been since 2002 and until 2018, and this year after year (*i.e.* during 16 years) the human resources (other than the management board) made available to RNBV by Groupe Renault?

The assistance services provided by Renault to RNBV are charged between EUR 9 million to EUR 15 million each year (approximately 9 million euros each year for the last financial years).

These amounts correspond, for the most part, to the costs of the Renault employees seconded to RNBV.

Nearly similar amounts are charged by Nissan to RNBV.

4.2. What have been the evolution of the total number of employees of RNBV since its creation in 2002 and until 2018?

RNBV does not have any employees.

Its activities are conducted by the employees of Renault and Nissan which are seconded to RNBV.

## Questions 5

### The powers of Renault-Nissan BV (RNBV)

Since its creation in 2002, what have been in practice the financial resources employed by RNBV to exercise the powers which have been delegated to it (page 65 of the 2018 Registration Document of Groupe Renault)?

Such powers being:

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

The powers delegated to RNBV are described in the registration document of Renault, available on the Renault's website ([www.group.renault.com](http://www.group.renault.com)) as well as on the website of the *Autorité des Marchés Financiers*' website ([www.amf-france.org](http://www.amf-france.org)), and in the by-laws of Renault SAS, available at the registry of the commercial court of Paris (*Tribunal de commerce de Paris*) ([www.infogreffe.fr](http://www.infogreffe.fr)).

The budget of RNBV, supported by Renault and Nissan, enables RNBV to exercise the powers which have been delegated to it.

Thus, this budget covers in particular:

- the secondment expenses for the Renault and Nissan employees;
- the rental costs for the offices where the employees of the Alliance work and where the executive officers of Renault, Nissan, and as the case may be, of Mitsubishi meet;
- the expenses relating to the preparation, organization and holding of such meetings; and
- the fees of the external advisors, the work of which feed the analyses of the executive officers and employees of the Alliance with respect to the issues which are within the responsibility of RNBV.

## Question 6

### Use of the French language for the information of the investors and shareholders

#### According the Constitution of October 4, 1958

Title I: On Sovereignty

#### Article 2

Amended by constitutional law n°95-880 of August 4, 1995- Art. 8. The language of the Republic shall be French.

The national emblem shall be the blue, white and red tricolor flag. The national anthem shall be “La Marseillaise”.

The maxim of the Republic shall be “Liberty, Equality, Fraternity”.

The principle of the Republic shall be: government of the people, by the people and for the people.

According to the article 1 below of Law n°94-665 of August 4, 2004 relating to the use of the French language (known as the Toubon law)

“Having regard to the decision n° 94-345 DG, dated July 29, 1994, of the Constitutional Council (*Conseil constitutionnel*),

#### Article 1

“Language of the Republic pursuant to the Constitution, the French language is a fundamental element of the character and heritage of France.

French is the language of instruction, work, trade and exchange and public services.

French is the privileged bond among the states composing the francophone community.”

Renault was partially privatized in November 1994. In this context, the French State called upon the savings of the French citizens.

It seems to me that it goes without saying that a French shareholder of a French company should be able to inform itself on the activities of such company in French. However, even though the French State is still a shareholder of Renault, Renault-Nissan-Mitsubishi Alliance’s website is available only in English.

Therefore, my question 5 is as follows : when will the French shareholders of Renault have a full version of the website of the Renault-Nissan-Mitsubishi Alliance in French in accordance with the two aforementioned articles of the law relating to the use of the French language?

Note : it would be obviously ideal to have a trilingual website (French, Japanese and English)

The website of the Renault-Nissan-Mitsubishi Alliance is primarily designed to promote and to make known the activities of the Alliance to the general public, in France but also abroad.

The information included on this website, when they are of interest for the Renault shareholders and may have an impact on the market price of the Renault shares, are made available on the website of Groupe Renault, in French and in English.

In any event, we draw your attention to the fact that the English language is a customary language for financial matters, the use of which is widely accepted.

It is therefore not currently contemplated to translate the website of the Alliance in French or in Japanese.

## **Question 7**

### **Engagement of lawyers and outside consultants by Renault and / or RNBV for the account of Renault and / or RNBV**

Renault Groupe has a legal department. I had noted, a few years ago, that it comprised 400 people.

As per several press articles, according to a recent audit carried out by the audit firm Mazars, it appears that Renault through RNBV engages lawyers and requests the assistance of outside consultants.

7.1. In the last ten years, what have been the amounts dedicated to the “lawyers and outside consultants budgets” of Renault and RNBV, for which services and at the request of which persons?

As every company, in particular of an international dimension, Renault regularly engages lawyers and outside consultants, to assist its teams on specific and / or technical questions, or in case of a dispute.

The budget for these services varies depending on the needs; it is followed very carefully.

In any event, this budget is not significant in light of the size of Groupe Renault, and is fully in line with the practices implemented within comparable groups.

7.2. Is the Renault personnel considered as incompetent in certain domains and / or for certain missions ? If yes, in which domains or missions?

Renault is an international group, which is facing multiple strategic, commercial, financial, technical and legal issues, in France as well as abroad.

Renault attracts employees of high quality who, under the authority of the general management of the Group, work efficiently in the various jurisdictions in which the group operate, and in all its areas of intervention.

As in every comparable group, the teams regularly request the assistance of outside advisers to manage specific matters, in a very limited number given the volume of matters which is annually treated by the Group, in particular in the following circumstances:

- specific skills are needed;
- a written advice by an outside counsel is required (in particular with respect to financing matters);
- the exchanges must remain confidential; or still

- Groupe Renault must be represented by lawyers in case of a dispute.

## Question 8

### Reserve of the Chairman

As in the Nissan group, has there been in Groupe Renault, or is there, a “reserve of the Chairman”?

There is no “reserve of the Chairman” in the Group Renault.

As in every comparable group, there is a specific operating budget for the General Management, and as such, the Chief Executive Officer has the power to incur expenses necessary to carry out his functions.

When the amounts exceed certain thresholds which have been set taking into account the size of Groupe Renault and the stakes, internal control procedures are applicable.

These procedures will be strengthened in the future.

8.1. If yes, what have been the amounts dedicated to it during the last ten years ?

In the absence of “Reserve of the Chairman”, this question is not applicable.

8.2. If yes, in which circumstances and with which supporting documents have these « reserves of the Chairman » been used ?

In the absence of “Reserve of the Chairman”, this question is not applicable.

## Question 9

### Operating budget of the Chairmanship and the General Management of Renault

Excerpts from the book “*Le roman de Renault*” d’Edouard Seidler – 1973:

“Pierre Lefauchaux is Chairman and Chief Executive Officer of Renault since March 7, 1945.

On Friday, February 11, 1955, he has promised to give a conference to the catholic students’ house of Strasbourg.

He has in his pocket a train ticket, the weather is bad, icy patches are feared.

At the last moment, he decides however that he will go to Strasbourg by car.

“I will go faster” he said.

An average driver when he arrived at Billancourt, he became a fast and passionate driver.

He likes driving and drives a lots, and is eager to match the test drivers; it is for him one more way to be a part of its company.

He drops his bag on the back seat of the *Fregate* and presses the accelerator.

The sky is low, grey.

Arriving to St Dizier, he was surprised by a detour signal on Route Nationale 4. He could keep going forward. However, he tried to make a left turn towards the detour. He braked but, unfortunately, over an ice patch.

The car went into a spin, left the road tumbling, and stopped in a field way below.

The cabin was almost intact. But Pierre Lefaucheu was killed by the projection of his suitcase, right in the back of his neck.”

This book extract inspires question 9:

During the last five years, what are the amounts of the operating budgets and workforce of Renault's Chairmanship and General Management (commonly known as staff) in euros and percentages of revenues?

Renault cares about its shareholders' interest for its history.

The compensation of Mr. Ghosn as Chairman and Chief Executive Officer, Mr. Senard as Chairman, and Mr. Bolloré as Chief Executive Officer, are described in Renault's registration document available on Renault's website ([www.group.renault.com](http://www.group.renault.com)) and the *Autorité des marchés financiers'* website ([www.amf-france.org](http://www.amf-france.org)).

In addition to their compensation, Renault's executives are granted a secretary and the means necessary for the performance of their duties (including, in particular, travel expenses in conditions guaranteeing their safety).

The amounts at stake are very limited compared to the size of Groupe Renault, and vary depending on needs (number and frequency of travels, etc.).

These expenses are, of course, included in the audit performed by Groupe Renault's statutory auditors.

## **Question 10**

### **Inspections, controls and internal audits of Group Renault**

Several recent press articles referred to counts of auto parts trafficking in Renault's factory of Cléon, such as the following article from l'Argus:

Source L'ARGUS – 03/20/2019

The Renault factory of Cléon, victim of auto parts theft.

An auto parts traffic has been dismantled coincidentally by the police of Seine-Maritime mid-March 2019.

The seized loot was valued at EUR 150,000 and five men, including one employee from the factory, will appear before a court of justice.

On Friday March 15, 2019, the attention of some police forces of Seine-Maritime was retained by an overloaded Renault Trafic truck.

They followed the truck, lost it, and then found it parked in front of a garage in Caudebec-lès-Elbeuf (76).

Some men were unloading heaving packages...

The police forces investigated and concluded that brand new auto parts had been stolen from the Renault factory of Cléon.

The loot comprised 192 turbochargers and 524 water pumps stolen for a total amount of EUR 150,000.

"Five persons born between 1970 and 1982, domiciled in Rouen, were arrested and held in custody. Four persons confessed, agreed to plead guilty and were ordered to appear before a court (*comparution sur reconnaissance préalable de culpabilité* (CRPC)) in June 2019. Another person, who remained silent, was summoned before the criminal court (*tribunal correctionnel*) in next October," indicated Pascal Prache, the *Procureur de la République* of Rouen.

The four abovementioned persons are the manager of a cleaning company, subcontractor of the French auto manufacturer's factory, and his three employees.

The fourth man worked at the Renault factory and, allegedly, stole the auto parts hiding them in a recycling bin. A well-chosen accomplice.

While the prosecutor confirms that the stolen parts were restituted back to Renault, the facts in hand reveal the coincidental dismantling of an auto parts traffic.

According to French media infoNormandie, the investigation is now between the hands of the south metropole safety (*sûreté de la métropole sud*).

Note that the subcontractor was carrying EUR 4,000 in cash when he was arrested which, according to him, he was going to use to pay his two employees who brought the auto parts from the Renault factory of Cléon.

10.1. This piece of information indicates that there are (or were) significant deficiencies in the quality checks and general monitoring of the Renault factory in Cléon. Are those troubling facts usual within the Group? A former executive of the group referred, in an interview, to corruption within the highest instances of the group...

Groupe Renault employs more than 180,000 employees, in 37 countries. Nevertheless, the incident you mentioned remains isolated and exceptional.

This shows the seriousness of the Groupe Renault's employees, and the remarkable work accomplished by the Group Prevention and Protection Department.

With respect to the corruption accusation, this is pure defamation. The context is favorable to the circulation of fake news designed to discredit the work accomplished by the Group's employees and to cast doubt on their probity and integrity. In the interest of the company, it is preferable not to give them any echo they do not deserve.

10.2. What services are used by Groupe Renault to ensure equipment and financial safety across the group (inspection units, internal control and audits, etc., truly able to work independently and impartially)?

Groupe Renault, which operates in numerous countries, invests important resources in safety, compliance and ethics, in order to ensure the safety of its employees and assets, as well as compliance with best practices, in particular commercial practices, regardless of local context.

Dedicated teams are gathered within:

- the Group Prevention and Protection Department, in charge of the safety of employees and assets within Groupe Renault; and
- the Group Audit, Risks and Ethics Department.

Controls and audits are performed periodically. In addition, measures and procedures in place are regularly reassessed to ensure they are perfectly suited to encountered situations.

Finally, with respect to ethics issues, please note that:

- the Board and its Committees are regularly consulted on these questions; and
- Groupe Renault has provided to its employees a guide on the prevention of corruption and influence trafficking, that the members of the Group Executive Committee committed to enforce.

10.3. If necessary, do those departments « often issue warnings » leading to reactions within Groupe Renault ?

Those services issue warnings every time it is necessary, within the normal course of their business.

## Question 11

### The exercise of the statutory auditors' functions (external audits)

11.1 As I only found limited information on those functions, I would like to know concretely how the statutory auditors perform their missions:

- duration (number of days and / or hours) of the audit operations over the calendar year;
- personnel used in a group such as Renault with 2018 revenues of EUR 57.419 billion (a key number as it is higher than the GDP of almost half of the planet's countries according to IMF data)?

The statutory auditors conduct their mission in accordance with the applicable professional standards. The statutory auditors' scope includes Renault SA as well as most of the subsidiaries of the Group.

They determine the subsidiaries that should be subject to the audit for the purposes of certifying the Group account in light of their material contribution to the consolidated accounts of the Group and / or the assessment of their risk level.

They present to the Audit, Risks and Ethics Committee the audit plan for the year specifying the significant risks covered by their works.

The number of days spent by the statutory auditors for the audit of Renault SA's accounts, the consolidated accounts and the accounts of the subsidiaries in France and abroad represents around 13,000 days.

11.2. Are there any employees of the statutory auditors assigned permanently to Groupe Renault's sites in order to perform their control missions independently?

The statutory auditors carry out their mission independently. They are involved on a regular basis all year round, with respect to the closing of the half-year and annual accounts. They are present in our offices as long as necessary for the exercise of their mission.

## **Question 12**

### **Autonomous vehicles**

Projects, one more futuristic than the other, of autonomous vehicles are presented all over the globe.

Steep development costs of billions of euros or dollars are also announced...

However, the significant legal issues raised by potential road accidents involving those vehicles are far from being resolved...

Prior to the circulation of thousands, if not millions, of autonomous vehicles on the roads..., a problem is not discussed despite being obvious and visible for anyone: the increase of the vehicles' size and the problems caused to park such vehicles in parking locations (parking spots, boxes and garages), for instance, of old buildings.

Half-automatic parking assistance systems have been offered by certain equipment manufacturers, which allow vehicles equipped with such systems to park autonomously, with no driver onboard.

Are any such systems being considered by Renault or already offered standard, or as an option, in Renault's vehicles?

Renault believes in the future of autonomous electric vehicles. The Group therefore follows carefully equipment manufacturers' offers of products, and also develops its own technologies.

As a reminder, in connection with the plan Drive The Future, Groupe Renault anticipates EUR 18 billion of investment in research and development (R&D) over 6 years. Across the Alliance, not less than EUR 50 billion in total will be invested.

With respect specifically to autonomous vehicles, Renault invested in "new mobilities" through the "Alliance Ventures" capital-risk investment fund, and develops new technologies, in particular within the "Renault Software Labs."

Those researches currently lead to practical developments, which will soon be available in the Group's vehicles.

In that respect, Renault currently tests autonomous electric vehicles on open roads in the region of Rouen. Further trials are expected, including in Saclay.

As of now, certain Renault vehicles (Talisman, Espace, etc.) have a system allowing to park automatically.

By 2022, 15 Renault vehicles with different levels of autonomy will be made available.

## **SHAREHOLDER B**

### **Question 1**

#### **Renault, Nissan and Fiat**

On the one hand, a spinning alliance with Nissan and, on the other hand, discussions regarding a potential merger with Fiat, what is Renault's future?

Discussions with Fiat have been interrupted.

Groupe Renault's priority is more than ever to ensure the Alliance's sustainability and to continue to improve its performance (simplicity, efficiency, speed), but also to satisfy clients' expectations and tomorrow's mobility challenges.

#### **Questions 2 to 6 – Transaction with Fiat**

### **Question 2**

Do Renault's shareholders intend to merely perform a financial transaction or to work to the creation of an automotive group?

### **Question 3**

If the latter, will Renault be a majority shareholder, a minority shareholder with a veto power, or a regular minority shareholder?

### **Question 4**

What are the means used by Renault to succeed?

### **Question 5**

More precisely, Fiat's offer, *i.e.*, a merger, will result in the disappearance of one or the other company, in the short or longer term.

Will Renault be able to control the combined entity?

### **Question 6**

Alliance with Nissan: Nissan's demands are incompatible with Renault's interests. With an obvious bad faith, our partners challenge the principles of the Alliance.

Even though the strategy is not for Renault to prevail unilaterally over Nissan, Nissan's attitude is becoming a problem: what does Renault's management intend to do?

As discussions with Fiat have been interrupted, those questions are irrelevant.

## **Questions 7 and 8 – Registration Document**

### **Question 7**

In order to assess the strategy of a company, shareholders only have as source of information the registration document published in anticipation of the shareholders' general meeting.

What credit should be given to this registration document? What is its legal value? Does it have a binding nature towards the shareholders? Is the company bound by this document?

The activity of Groupe Renault is described all year long on its website : [www.group.renault.com](http://www.group.renault.com).

Groupe Renault's shareholders, and the general public, can find thereon extensive information on the Group, its management, its achievements and its projects.

All of the key documents (Registration Document, periodic financial reports, sales figures, activity reports, statutory auditors' reports, presentations for analysts, etc.) are available thereon, on free download.

The press releases are available in the « Media » section.

Furthermore, in accordance with legal and regulatory provisions, all of the documents regarding the shareholders' general meeting (notice of meeting brochure, announcement and convening notice, proxy form, etc.) are presented in the "Annual General Meeting" section (tab "Finance").

This section also contains information regarding the shareholders' general meetings of the previous years.

Finally, with respect to the Registration Document's probative value, we note that in accordance with the applicable regulation, the information provided by Groupe Renault (including in its Registration Document) shall be clear, accurate and non-misleading.

In addition, you will find on page 458 of the Registration Document the certification by the person responsible for the Document (in our case, the Chief Executive Officer), the content of which is reproduced below:

"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."

## Question 8

If it were not the case, which structure, body or even document, can the shareholder refer to in order to get knowledge of the company's strategy?

As stated above, the information included in the Registration Document is clear and accurate.

The shareholders can also refer to the other reports and information published on Groupe Renault's website ([www.group.renault.com](http://www.group.renault.com)) if they wish to have access to additional details.

Finally, the shareholders are also entitled to ask written questions prior to the shareholders' general meeting.

## **Questions 9 to 12 – Wrongdoings attributed to Mr. Ghosn**

### **Questions 9 and 10**

What was the scope of the audit requested on Carlos Ghosn's governance?

What are the findings of the audit carried out?

Following the arrest of Mr. Carlos Ghosn in Japan on November 19, 2018, Renault carried out internal investigations to ascertain whether there were facts within Groupe Renault similar to those alleged against him by the Japanese judicial authorities.

- [Compensation and benefits of any kind of the Chairman and Chief Executive Officer and of the members of the Group Executive Committee](#)

The Ethics and Compliance Department was mandated by Renault's Executive Office on November 23, 2018, to review the regularity of all the compensation components and benefits of any kind paid or awarded by the Group to the Chairman and Chief Executive Officer and to the members of the Group Executive Committee of Renault, as well as to verify the accuracy of the information relating to the compensation of the Chairman and Chief Executive Officer included in Renault's Registration documents for the fiscal years from 2010 to 2018. The Ethics and Compliance Department was assisted by a law firm in this mission.

The mission concluded that all the compensation components and benefits of any kind paid or allocated by the Group to the Chairman and Chief Executive Officer and to other members of Renault's Group Executive Committee for the fiscal years from 2010 to 2018, complied with French regulations and the recommendations of the AFEP-MEDEF Code, with the exception of an early, and therefore non-compliant, payment of a non-compete indemnity to a former member of the Group Executive Committee. This situation is currently being regularized.

- [Additional investigations conducted by the Ethics and Compliance Department](#)

On January 14, 2019, Renault's General Management extended the Ethics and Compliance Department's mission to include the audit of (i) the expenses of the Chairman's office and the General Management, (ii) the operations carried out by Renault with partners based in the Middle-East, whose names have been publicly quoted, and (iii) Renault's operations with other companies whose names

have also been publicly quoted, including RNBV and other Nissan or Alliance entities incorporated in the Netherlands.

The Internal Audit Department and the members of the Finance Department took part in carrying out these additional verifications. As part of these verifications, it appeared that certain counterparties to the sponsorship agreement signed in June 2016 by the Group with the Public Institution of Château de Versailles had been used for the personal benefit of Mr. Ghosn. These facts were brought to the attention of the judicial authorities on February 7, 2019.

On March 11, 2019, the Audit, Risks and Ethics Committee asked the Ethics and Compliance Department to examine the flows between Renault and an importer based in the Middle-East. These investigations have notably raised concerns regarding certain payments made to this importer. These concerns have been brought to the attention of the French judicial authorities, as part of the response of Renault to a requisition relating more broadly to the commercial relationship between Renault and this importer.

These investigations carried out by the Ethics and Compliance Department finally revealed a number of facts and commitments that could constitute breaches of the rules of ethics in force within Groupe Renault.

The Board of Directors has recommended that the General Management conducts a review of all actions available, in particular in strengthening internal control, to appropriately address the situation.

- Audit of Renault-Nissan BV's (« RNBV »)

Furthermore, in January 2019, Renault and Nissan initiated a joint audit on Renault-Nissan BV (RNBV). The Audit, Risks and Ethics Committee of Renault validated the launch of this audit on January 17, 2019 and a "privileged audit" was launched on February 4. This audit, which is conducted by an audit firm appointed by a Dutch law firm and under the supervision of Renault and Nissan's Internal Audit Departments, covers the governance, control, compliance, and accounts of RNBV.

First, RNBV's internal organization suggests serious deficiencies in terms of financial transparency and expenditure control procedures. The Board of Directors asked Renault's General Management to work with Nissan to jointly remedy these deficiencies as soon as possible.

Second, certain expenses incurred by RNBV for a total amount of c. EUR 11 million raise questions. This amount covers different types of expenses, namely:

- travel over-expenditures of Mr. Ghosn by airplane,
- certain expenses of Mr. Ghosn, and
- donations which benefited non-profit organizations.

On the basis of those findings, the Board of Directors decided to ask Renault's representatives to work closely with Nissan's representatives within the governance bodies of RNBV in order to implement available judicial actions in the Netherlands with respect to the travel over-expenditures of Mr. Ghosn by airplane, certain expenses of Mr. Ghosn and the means to obtain compensation for the donations which benefited non-profit organizations.

## Question 11

Can the General Management specify the allegations against Mr. Ghosn? Was there personal enrichment by Mr. Ghosn?

As stated above, as part of the internal investigations, certain issues have been brought to the attention of the French judicial authorities:

- an in-kind consideration (of an amount of EUR 50,000) allocated to Mr. Ghosn's personal benefit under a corporate sponsorship agreement signed with the Château de Versailles;
- payments made to a Lebanese lawyer; and
- payments made to a Renault importer based in the Middle-East

The Board of Directors has also called on the General Management to take, each time necessary, the measures required to respond to the situations identified during these investigations, notably regarding internal organization.

Furthermore, the findings of the joint compliance audit on RNBV have shown deficiencies regarding financial transparency and expenditure control procedures.

On that particular point, the Board of Directors has asked Renault's General Management to work with Nissan in order for the two shareholders to agree on necessary corrective measures to be implemented by the end of this year.

The findings of the joint audit also confirmed questions raised, with respect to its corporate purpose, by certain expenses incurred by RNBV for a total amount of c. EUR 11 million, namely:

- travel of Mr. Ghosn by airplane,
- certain expenses of Mr. Ghosn, and
- donations which benefited non-profit organizations.

On the basis of those findings, the Board of Directors decided to ask Renault's representatives to work closely with Nissan's representatives within the governance bodies of RNBV in order to implement available judicial actions in the Netherlands.

## Question 12

One can read the following message from Renault's new Chairman in the Registration Document, which will serve as supporting document for the next shareholders' general meeting of June 12, 2019 :

"First, the governance of the Group has been renewed with a requirement for gender balance and diversity of skills and profiles, all supported by a strong ethical foundation. We then wanted to give the

Alliance a new start. Its structure and organization have been rethought to ensure a balance of power and promote dialogue and fluidity.

Today, a stronger, more effective Alliance can face the challenges ahead. For Groupe Renault, this new structure is the guarantee of shared trust within the company and with our investors and all our partners. It is also the key to consolidating the Group's success, within the strategic objectives of the Drive the Future plan and beyond. I am convinced that the Group is now endowed with every strength it needs to grow profitably and with respect for people."

In practice, what are the group's assets which will make it grow profitably and humanly?

Groupe Renault has many assets to enable its development.

The first is obviously the quality of its 183,000 employees, whom the Group's successes over the last few years are due to. They have, again recently, demonstrated their commitment to Groupe Renault.

Moreover, with respect to the governance of the Group, Renault recently opted for a dissociation of the offices of Chairman of the Board of Directors (Mr. Senard) and of Chief Executive Officer (Mr. Bolloré).

The Board of Directions considers that that this governance structure is appropriate to Renault's current challenges. It enables Renault to benefit from both the Chairman's stature and expertise in corporate governance and the managerial background and industrial and automotive expertise of the Chief Executive Officer, in charge of managing and implementation of the Company's mid-term plan

Furthermore, the Board established a new Board Charter, which precisely defines the roles and responsibilities of the directors and the executive officers, and which properly allocates the missions of assistance between the different Committees of the Board, which missions and composition evolve.

Finally, the composition of the Group Executive Committee and the Management Committee have been modified. The current management teams are fully committed for the human development of Groupe Renault, which is inseparable from its commercial and financial success.

### **Questions 13 to 16 – Board of Directors & governance of Carlos Ghosn**

#### **Question 13**

Mr. Ghosn's governance was subject to various criticism, rather negative, and obviously certain decisions were detrimental for Renault, we can mention, the stability agreement of December 2015, Nissan's acquisition of a 34% stake in Mitsubishi's capital, etc... Each time, the Board of Directors of Renault has stood by its Chairman and Chief Executive Officer, including against Renault's interests and even sometimes in violation of the decision of the shareholders' general meeting.

As is, Renault's Board of Directors ensures to its Chairman and Chief Executive Officer an operational majority, through the filtering of the proposed candidates to the vote of the shareholders' general meeting. The Board is a mere registration chamber which sustains the power of the current Chairman and Chief Executive Officer. The Board disregards the shareholders even though it is bound by its Board Charter to:

- present a corporate governance report;
- monitor the implementation of the anti-corruption and influence peddling company policy;

- guarantee communication to the shareholders and the investors of permanent and balanced information regarding strategy, etc.

However, unless I'm mistaken, those requirements were not brought to the attention of the shareholders.

What about those obligations?

As a preliminary remark, it shall be noted that:

- the stability agreements, *i.e.*, the governance agreement with the French State and the third amendment to the RAMA, were unanimously approved by the Board of Directors of Renault and by a very large majority by Renault's shareholders (more than 73% for the governance agreement even though the French State did not participate in the vote, and more than 84% for the third amendment to the RAMA); and
- the investment in Mitsubishi is a decision of Nissan, which did not concern Renault.

That being reminded, it shall also be specified that:

- the candidates to director positions submitted and supported by the Board of Directors are selected by the Board, as a collegiate body, and not by the Chairman or the Chief Executive Officer;
- in accordance with applicable laws and regulations, any shareholder can submit its candidacy to the shareholders' general meeting, as replacement of another director; and
- the shareholders appoint and dismiss the directors, during the shareholders' general meeting, by a simple majority.

The management report and the report of the Board of Directors on corporate governance are incorporated in the Registration Document of Groupe Renault.

The statutory auditors, in their reports on annual accounts and consolidated accounts, report on the diligences performed in connection with those reports of the Board ; they have no observation.

Finally, the report of the Board of Directors on the resolutions submitted to the shareholders' general meeting is available in the notice of meeting brochure, which is available on Groupe Renault's website ([www.group.renault.com](http://www.group.renault.com)).

Thus, the Board of Directors has fully met its obligations with respect to reports and all the information required are available to the shareholders of Groupe Renault and to the general public.

#### **Question 14**

While Mr. Ghosn's role in the misconducts he is accused of shall not be minimized, there have been at minimum failures attributable to internal controls.

Generally speaking, the attitude of the Board of Directors has been detrimental to Renault. It is unpleasant, to say the least, to note that the governance of our company is entrusted to such versatile individuals, capable of changing their minds according to the mood of the Chairman: the speed with which Renault's Board of Directors has reconsidered the « rights » granted to Renault's Chairman and

Chief Executive Officer before his arrest, is a good indicator of the degree of independence, we will not say of complacency, of this institution.

The Audit, Risks and Ethics Committee, the CARE, has also been quiet, why?

The Audit, Risks and Ethics Committee (the “**CARE**”) met 9 times during the period from November 20, 2018 to the date of the General Meeting.

In particular, the CARE recommended that the Board of Directors entrusts the Ethics and Compliance department of the Group with a verifications mission within Renault. This mission, which originally focused on the compensation of the Group’s executives, was extended to the verification of the procedures for incurring expenses by the Chairman’s office and the General Management and the verification of certain operations carried out by Renault with third parties whose names had been publicly disclosed.

The CARE monitored and supervised this audit, as well as the one conducted jointly with Nissan on RNBV.

### **Question 15**

What conclusions does the Group’s Management draw from the damage suffered by the company as a result of the “mistakes” attributed to Mr. Ghosn?

Renault’s internal audit, as well as the joint audit on RNBV, reveal certain situations that raise questions and have led, or may lead, to reports to or proceedings before the competent judicial authorities.

The General Management of Groupe Renault intends to do everything in its power to ensure that this type of situation does not reoccur and that the best ethical practices are implemented within Groupe Renault.

### **Question 16**

What corrective measures does the Management intend to take regarding the internal control bodies? May this failure of internal controls concern the statutory auditors or even the French State’s supervision?

The General Management is implementing the necessary corrective measures, particularly in terms of internal organization, to ensure that the few situations revealed by Renault’s audit cannot reoccur.

Similarly, the findings of the joint audit with Nissan on RNBV revealed deficiencies regarding financial transparency and expenses control procedures.

Renault’s General Management is working with Nissan to ensure that the necessary corrective measures be implemented by the end of 2019. Some of them have already been implemented.

### **Question 17**

#### **Holding company**

At the end of 2015, Carlos Ghosn, CEO of the Renault-Nissan Alliance, said that the two automakers were “not ready for a merger”. However, he did not completely rule out the possibility the emergence of such structure in the long run... And for his defense, the former CEO mentioned a project of a holding

company between the two groups.

May the current Management confirm that such project is real?

Groupe Renault's priority remains to ensure the sustainability of the Alliance and to keep improving its performance (simplicity, efficiency, speed).

At this stage, reflection on the evolution of the Alliance's structure to move towards greater simplicity and efficiency is still ongoing. Renault's objective is clear: to reach the most suitable solution that guarantees the protection of the interests of all Alliance stakeholders while respecting each other's cultures.

It is by being strong and united that the Alliance will be able to continue to improve its performance and meet both its customers' expectations and the mobility challenges of tomorrow.

### **Questions 18 to 21 – Stability agreement**

Renault's interests have been infringed by this agreement, partly because the conditions for its implementation no longer exist. In this matter, Mr. Ghosn favored Nissan at the expense of Renault.

#### **Question 18**

What is the view of the current Management on this agreement?

In 2015, in the context of the increase by the French State's stake in the share capital of Renault, Nissan asked to enshrine the practice of non-interference of Renault in the governance of Nissan, which was considered at the time as a necessity to restore a climate of trust and mutual respect between the Alliance's partners.

In order to stabilize and sustain the Alliance, Renault has therefore agreed to enter into a third amendment to the Restated Alliance Master Agreement (the "**RAMA**"), the key agreement governing the relations between Renault and Nissan within the Alliance.

This amendment allowed the Alliance to be maintained. It did not affect the casting vote of Renault's Chief Executive Officer, as Chairman & CEO of RNBV, within RNBV's Management Board.

Finally, it should be recalled that the stability agreements, namely the governance agreement concluded with the French State and the third amendment to the RAMA, were approved by a very large majority of Renault's shareholders (more than 73% for the governance agreement even though the French State did not participate in the vote, and more than 84% for the third amendment to the RAMA).

#### **Question 19**

##### **Communication of the final agreement and its annexes to the shareholders**

What is the scope of this agreement? What does "interference" mean? For what reason(s) did Renault's Board of Directors unanimously vote in favor of the so-called stability agreement, which prohibits Renault from interfering in the management of Nissan?

Since the creation of the Alliance, Renault has never interfered in the governance of Nissan.

In 2015, fearing that the French State, which had increased its stake in the share capital of Renault and

was going to acquire double voting rights, would change its attitude, Nissan requested to enshrine this practice of non-interference by Renault within Nissan.

In this context, a new agreement emerged as a key condition to maintain the Alliance.

Renault has therefore agreed to enter into a third amendment to the RAMA, preserving its rights while reassuring Nissan that a balanced relationship will continue to exist within the Alliance.

Renault's Board of Directors unanimously considered that the conclusion of this agreement was in the interest of Renault. In addition, the agreement was approved by a very large majority of Renault shareholders (more than 84% for the third amendment to the RAMA).

Besides the conclusion of the third amendment to RAMA, it should also be noted that a governance agreement was concluded with the French State, under which the French State undertook to limit the exercise of its voting rights at Renault's shareholders' general Meeting.

### **Question 20**

This agreement deprives Renault of a fundamental right, *i.e.*, the right of each shareholder to exercise and defend its rights: why did the members of Renault's Board of Directors vote for this agreement?

The conclusion of the third amendment to the RAMA does not in any way prevent Renault from exercising or defending its rights: Renault remains free to vote as it sees fit at Nissan's shareholders' general meeting.

However, should Renault not vote in accordance with the recommendation of the Board of Directors of Nissan on certain resolutions concerning the composition of the said Board, or should Renault present draft resolutions not supported by the Board of Directors of Nissan, Nissan would be entitled, during a 9-month period, to acquire Renault shares as an exception to the standstill applicable to Nissan's stake in Renault, as provided for in the RAMA.

The acquisition of additional Renault shares by Nissan could lead to Renault being deprived of its voting rights at the shareholders' general meeting of Nissan, and to Nissan recovering, for its part, its voting rights at Renault.

### **Question 21**

Ultimately, will this agreement be called into question?

The RAMA is an essential agreement as it defines and protects the relations between the Alliance partners.

No amendment to this founding agreement of the Alliance is currently under discussion.

## **Questions 22 to 28 – Converged functions**

If we consider on the one hand the importance of converged functions:

### **Question 22**

Which activities of Groupe Renault remain within its sole competence?

Renault's objective is to accelerate the convergence with Nissan within nine key functions, in particular in order to identify new opportunities that would allow to achieve the target of EUR 10 billion in annual synergies by the end of the Alliance 2022 plan.

These functions are: engineering; manufacturing, production engineering and supply chain management; purchasing, quality and total customer satisfaction; aftersales; business development; talents; LCV business and CEO Office.

Although these functions are "converged", Renault also maintains teams working independently in each of these sectors.

The other areas (finance, human resources, legal, marketing, brand and regions management, etc.) remain within Renault's exclusive competence.

### **Question 23**

With regard to Renault's R&D activity, what is the proportion of the "non-included" part (specific to Renault) within the subsidiary which combines the engineering activities?

Detailed information on research and development (the "R&D") within Groupe Renault is provided in Section 1.4. (pages 89 et seq.) of the 2018 Registration Document of Renault, available on Groupe Renault's website ([www.group.renault.com](http://www.group.renault.com)) and on the *Autorité des marchés financiers*' website ([www.amf-france.org](http://www.amf-france.org)).

The "Innovation" section of Renault's website also contains extensive information on the R&D within Groupe Renault.

### **Question 24**

As part of the common functions, what are the bases on which the exchanges between Renault on the one hand and Nissan on the other are carried out? In other words, how are the results of the common functions reported in the balance sheet of both partners?

The converged functions business is carried on by each group independently, while taking advantage of the synergies provided by such convergence.

In addition, it should be noted that total purchases and sales by Renault from Nissan in 2018 amounted to an estimated EUR 4,162 million and EUR 2,184 million respectively.

### **Question 25**

On what basis are these benefits measured?

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 – not cumulative synergies – are evaluated each year.

The Alliance synergies are reported by the pilots of the “cross-company teams” and validated by the management controllers. The impact on the member companies’ income statements is reported during the Alliance Management Board meetings.

In June 2018, the Alliance announced synergies of EUR 5.7 billion for the 2017 financial year, a 14% increase compared to 2016.

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 EUR 10 billion by the end of the plan.

#### **Question 26**

Regarding workforce, how many employees are assigned to the converged functions?

The converged functions are led by employees with “double contracts”, *i.e.*, working for both Renault and Nissan, whom employees from Renault as well as employees of Nissan may report to.

Some Renault employees are assigned to the converged functions and their managers on a full-time basis. Others employees take part to these functions on a more occasional basis.

In practice, a very large number of Renault employees participate in the converged functions.

#### **Question 27**

What proportion of Renault’s revenue is dedicated to converging functions?

Converged functions contribute, directly or indirectly, to the revenue of Groupe Renault.

Their impact is mainly measured in terms of synergies.

#### **Question 28**

What is the proportion of the purchasing part in Renault’s 2018 revenue? On such part, what is the estimated amount of the synergies?

60% of a vehicle is composed of purchased parts.

Purchasing is mainly coordinated by Alliance Purchasing Organization (“**APO**”, formerly Renault-Nissan Purchasing Organization), a subsidiary of Renault-Nissan BV.

APO does not carry out purchases, but organizes them on behalf of Renault and Nissan, which allows economies of scale.

APO’s 2017 revenue amounts approximately to EUR 80 million, mainly dedicated to the payment of the costs of Renault and Nissan employees.

The impact of purchasing – and therefore of APO – on the Alliance is mainly measured in terms of

synergies.

In June 2018, the Alliance announced synergies of EUR 5.7 billion for the 2017 financial year, a 14% increase compared to 2016.

Purchasing, Engineering and Manufacturing were the top contributors to synergies.

### **Questions 29 to 33 – Renault-Nissan relationship**

#### **Question 29**

Has the management of the Renault Nissan Alliance been “contaminated” by Mr. Ghosn’s escapades? In other words, has the governance of the two groups been impacted by the generosity from which the Chairman and Chief Executive Officer would have benefited from the two brands for the reimbursement of his “miscellaneous expenses” and the salary “accessorizes”?

Since Mr. Ghosn’s arrest, the partners of the Alliance have not ceased to discuss about their strategic priorities and to work together to meet both their customers’ expectations and the mobility challenges of tomorrow.

The creation of the Alliance Operating Board reflects the dynamic relationship between Renault, Nissan and Mitsubishi, and the willingness to develop efficiently the synergies between the Alliance partners.

#### **Question 30**

Put another way, has one of the two Alliance partners been favored and as a result the other discriminated against?

As everyone can note, the Alliance has always grown in the constant search of “win-win” solutions and all the projects developed by the Alliance favor the best interests of each partner, as well as the interests of the Alliance as a whole.

#### **Question 31**

The Chief Executive Officer of Nissan has never hidden its will to review the Alliance’s leadership for the benefit of its group. Including through barely veiled accusations questioning the integrity of its partner.

With much self-confidence, the Japanese authorities are making Renault pay under the pretext of its closeness with the former Chairman and Chief Executive Officer of both groups; therefore, to the question asked by the daily newspaper Les Echos that asked, on January 15, 2019, if it was really possible that no one knew of his acts within Nissan, Hiroto Saikawa answered:

“I understand that one could ask this question. But one has to understand that Mr. Ghosn, based on its accomplishments, had a great standing within the group. He was respected and had gathered even more power. Even more so because he acted on a certain way on behalf of Renault, which is Nissan’s main shareholder. It is a cultural fact that does not excuse a lack of supervision, but that can explain that there was no earlier alert ...”

What answer was made to him?

Mr. Saikawa does not question Renault in the quotation above.

In any event, the discussions between Renault and Nissan are confidential. They are numerous, and constructive, focused towards the preservation of the Alliance's interests.

### **Question 32 and 33**

Is the agreement of March 1999 still relevant ?

What is the Management view on the agreement of March 1999 and its application to the company's governance ?

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

Under the provisions of the AEPA, Renault acquired a 36.8% stake in Nissan's share 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.

Nissan's turnaround 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, which was reiterated and updated on March 28, 2002 by Restated Alliance Master Agreement (the "**RAMA**").

The RAMA (including the integrated AEPA's provisions) is an essential agreement as it defines and protects the relations between the Alliance's partners. No amendment to this founding agreement of the Alliance is planned in the short-term.

### **Questions 34 and 35 – Conflicts of interests**

Mr. Carlos Ghosn has intervened repeatedly and ostensibly to make demands on behalf of this company : Mr. Ghosn does not cease to ask for a readjustment of the cross-shareholdings to the benefit of Nissan. Moreover, it is of public knowledge that he ostensibly opposed the main shareholder, the French State, by acting like Nissan's spokesman.

The position of Mr. Carlos Ghosn, Chairman and CEO of the two companies, must be analyzed under the angle of a possible conflict of interests as a result of this plurality of mandates of Chairman and Chief Executive Officer of Nissan and Renault. Mr. Ghosn benefits either through the results attributed to Nissan, or the ring-fencing of its remunerations and his status.

The plurality of mandates performed by Carlos Ghosn, Chairman and Chief Executive Officer of both groups, is in the middle of a conflict of interests which outcome has been unfavorable to Renault.

We are now coming to the end: there is still a litigious point to solve: the loss of influence of Renault within the Alliance. With a sentence the Chairman and CEO of the Alliance has chosen: Nissan is a global brand, Renault a regional (European) brand. (Blog RNEW-SRTA and the intervention of C. Ghosn at the 2015 shareholders' general meeting).

**Question 34**

Is an audit of C. Ghosn's governance considered?

In accordance with the legal and regulatory rules, any agreement between Renault and Nissan is said to be a "related-party" agreement.

Unless it is an usual transaction, concluded under normal conditions, it must be authorized by the Board of Directors of Renault, and then ratified by the shareholders' general meeting.

Mr. Ghosn, as executive of Nissan, and the Directors of Renault appointed upon Nissan's proposal, could not attend the deliberations related to these related-party agreements.

This mechanism ensures that the important decisions taken by Mr. Ghosn and including the conclusion of agreements did not lead to arbitrations unfavorable to Renault, to the benefit of Nissan.

The Board of Directors has always acted to safeguard Renault's interests.

**Question 35**

Can the decisions taken by M. Ghosn be challenged?

For the reasons previously set out, Mr. Ghosn has never taken part in the decisions where he found himself in a conflict of interests.

## SHAREHOLDER C

### **Questions 1 to 5 – On the liability of the Board of Directors and the control forums of Renault**

For many years and repeatedly, we have alerted the Board of Directors of Renault of the low quality of the governance: excessive centralization of the management powers without counter-powers, opacity of the compensation of the executive officer, fading of the role of Lead Independent Director, absence of taking into account minority shareholder's opinion, especially in 2016 regarding the vote on Mr. Carlos Ghosn's compensations.

On all these topics, no director has ever – as far as we know – since we criticize the poor governance structure, taken the responsibility to propose an evolution towards more balanced governance, even if that meant quitting the Board. The company is affected by a governance crisis that does not surprise us.

#### **Question 1**

How do you explain the inertia of the Board of Directors for all those years ?

On May 6, 2009, in accordance with the provisions of the French Commercial Code, the Company's Board of Directors decided, upon recommendation of the Nominations and Governance Committee, to adopt a governance structure combining the offices of Chairman of the Board of Directors and Chief Executive Officer.

Mr. Carlos Ghosn was appointed as 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. Carlos Ghosn's terms of office as Chairman of the Board and Chief Executive Officer of the Company at the time his office as director of the Company was renewed by the Annual General Meeting of June 15, 2018.

The Board indeed considered that the combination of the offices of Chairman and Chief Executive Officer enabled a more agile decision-making process, thus allowing to ensure and strengthen the cohesion of the whole Groupe Renault. Incidentally, it is during this period of time that the Group climbed to being the world leading automaker.

Taking into account the combination of the offices of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors had implemented various measures to ensure the balance of powers, in line with best governance practices:

- the presence of a majority of independent Directors within the Board of Directors;
- the presence of a Lead Independent Director, Mr. Philippe Lagayette, chosen from among the independent Directors, whose duties are set out in the Board Charter; and
- limitations on the powers of the Chairman and Chief Executive Officer, set out in the Board Charter.

## Question 2

Should one not draw conclusions regarding responsibilities, the directors formerly present on the Board of Directors of Renault having to leave the Board in order for it to be able to take on the current issues of the company, on a renewed manner?

Questioning the mandates of Renault's directors is not a solution fitted for the current context.

As a reminder, 12 directors have been renewed throughout the last 4 years, including 7 independent directors.

No Board of Directors of a similarly-sized group has ever had to deal with such exceptional circumstances in the past.

In this case, the Board managed to immediately react to the situation and to set up the management mechanisms for a months-long crisis :

- setting up of a transition governance that allowed the group to pursue its activity under normal conditions;
- several meetings of the Board of Directors and Committees during this period of time;
- carrying out a succession plan leading to the set-up of a new governance in a very short period of time;
- decision to split the offices of Chairman of the Board of Directors and Chief Executive Officer;
- launch of internal investigations (leading to reporting to judicial authorities) and a joint audit on Renault-Nissan BV;
- strong decisions from the Board of Directors on the compensation components of the former Chairman and Chief Executive Officer.

The Board has thus demonstrated its reactivity, its availability and its strength. In this crisis, it has first and foremost demonstrated its ability to react and act in light of the challenges. The Board is of course still attentive to the necessity to adapt to the evolution of the situation and it must in the future evolve according to the group's strategy and the challenges that the group will want to undertake. Some new skills will probably be required. The Board will privilege the ability to take collective decisions over the addition of personalities.

In this spirit, the Board has proposed to the shareholders' general meeting the appointment of Mrs. Winkler in order to include an additional competence in the automobile industry.

## Question 3

Which rules have you set out to the directors since your arrival in order for them to precisely exercise and assume their responsibilities?

The Directors of Renault have fulfilled and are currently fulfilling their missions in an effective manner.

Each of the directors actively takes part to the debates and works of the Board. In this respect, they ensure the supervision of the General Management and are involved in the definition of the strategic

orientations and the implementation monitoring of the long-term strategy, within Groupe Renault and the Alliance.

#### **Question 4**

How do you explain that some directors hold only a tiny number of Renault shares compared to the amount of their compensation as directors?

Pursuant to the provisions of the AFEP-MEDEF Code, the Board Charter specifies that each director – except for the French State Representatives and the Directors representing employees and employee shareholders – is required to hold at least 100 Renault shares.

Beyond this, Renault recommends to each director that they personally hold a significant number of Renault shares compared to the amount of their compensation as directors.

If it is true that most of the directors hold a limited number of Renault shares, their involvement in the Board's works is undeniable.

Indeed, most of them have a participation rate to the meetings of the Board and of the Committees of 100% - which incidentally explains the amount of their compensation, that is correlated with their participation.

#### **Question 5**

Even though the mandate of E&Y, statutory auditors of Renault and Nissan, terminates in 2019, after 40 years of service, should the company be exonerated of all responsibility regarding the serious information and monitoring wrongdoings on the results that led to the current crisis?

Renault does not have any information that would demonstrate any wrongdoing from Ernst & Young in the performance of its duties as statutory auditors of the company.

#### **Question 6 and 7 – On the alliances strategy**

##### **Question 6**

We have repeatedly emphasized the importance to set up a balanced governance on strategic operations, especially mergers between companies. We are extremely skeptical about combination transactions “among equals”, these mergers often ending by the takeover of a group by the other, and especially in the situations where there is a core shareholder, all this to the detriment of minority shareholders.

We had ousted criticism at the 2016 General Meeting about the amendment of the Restated Alliance Master Agreement that marked the surrender by Renault of its legitimate rights as Nissan's shareholder, and notably its voting freedom at the Board of Nissan on any core governance issues.

Does the recent history of the Renault-Nissan Alliance, including the failure of the combination with FCA, not offer the opportunity to flatten its share capital relationship with Nissan, while pursuing the Alliance?

One must firstly remind that Renault has not surrendered its legitimate rights as Nissan's shareholder.

The conclusion of the third amendment to the RAMA does not in any way prevent Renault from exercising or defending its rights: Renault remains free to vote as it sees fit at Nissan's shareholders' general meeting.

However, if Renault did not vote in accordance with the recommendation of the Board of Directors of Nissan on certain resolutions concerning the composition of the said Board, or if Renault presented draft resolutions not supported by the Board of Directors of Nissan, Nissan would be entitled, during a nine-month period, to acquire Renault shares as an exception to the standstill applicable to Nissan stake in Renault, as provided for in the RAMA.

The acquisition of additional Renault shares by Nissan could lead to Renault being deprived of its voting rights at the Nissan's shareholders' general meeting, and to Nissan recovering its voting rights at Renault.

Far from being damaging to Renault, the conclusion of this third amendment to the RAMA has allowed to stabilize and perpetuate the Alliance, that risked being questioned by Nissan, which feared that the French State would take advantage of its accrued stake in Renault and the acquisition of double voting rights to question the constant practice of non-interference of Renault in the governance of Nissan.

Regarding the share capital relationship between Renault and Nissan, Renault is convinced that it strengthens the operational Alliance. In other words, a strong industrial partnership is only possible if built on a strong share capital relationship.

Besides this, the stake of Renault in Nissan positively contributes to the results of Renault.

As a result, an evolution of this share capital relationship is, for now, not on the agenda.

#### **Question 7**

Taking into account the technological evolutions that the automobile sector faces, involving that the automaker no longer own the innovative technologies (e.g., Google and the autonomous driving), is the race to volume the right answer?

The priority of Renault is to ensure the sustainability of the Alliance and to keep improving its performances (simplicity, efficiency, speed).

It is by being strong and united that the Alliance will be able to keep improving its performance and meet both its customers' expectations and the mobility challenges of tomorrow.