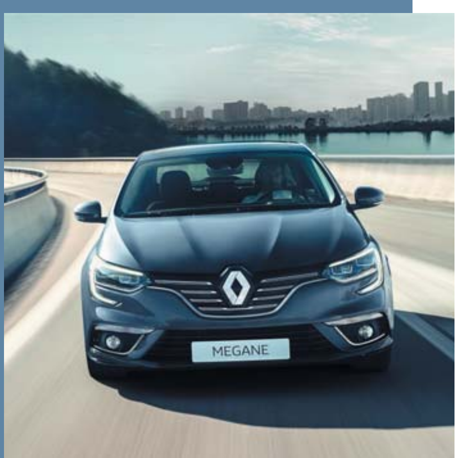
Registration document

Including the Annual Financial Report **2016**

GROUPE **RENAULT**

contents



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

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2016

Registration document

Including the annual financial report approved by the board of directors on February 9, 2016

This Registration Document is online on the website
www.groupe.renault.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version has been fi led with the AMF (French Financial Markets Authority) on April 5, 2017.

Renault Clio VI 5-door Sedan (B98) - Phase 2 - "Edition One" limited series

EMPLOYEES	REVENUES	COUNTRIES
WORLDWIDE AT END-2016	GROUP WORLDWIDE IN €M	PRESENT IN
124,849	51,243	127

Groupe Renault 01

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

1.1 Overview of Renault and the Group ♦

Carlos Ghosn
Chairman and Chief Executive Officer of Groupe Renault

"**Groupe Renault revenues reached €51.2 billion, an increase of 13.1%. Our operating margin was at an historic high of 6.4%, and our net margin, at 6.9%, is among the highest in the automotive industry.**"

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Growth and performance: a fundamental trend

Ladies and Gentlemen,

2016 was a year of concrete and measurable successes. Groupe Renault revenues reached €51.2 billion, an increase of 13.1%. Our operating margin was at an historic high of 6.4%, and our net margin, at 6.9%, is among the highest in the automotive industry.

As a European manufacturer, Renault has established itself as a global player. With 3.18 million registered vehicles, Groupe Renault is now the leading French manufacturer in the world. Our product range has been renewed and is expanding into other segments, placing renewed emphasis on strong design, which is the main reason our customers buy from us. We have grown in volume and market share in every region of the world while strengthening our position in Europe, where the Renault brand came in second place.

The 2016 results are not just a record. They confirm a fundamental trend. They are the culmination of a strategy that we have been working on for the past six years as part of the Drive the Change plan. We surpassed the growth and profitability targets one year early and will continue to gauge their success again this year.

We are looking forward to 2017 with confidence. The renewal of our vehicle ranges continues with the release of the ALPINE A110 and the new DUSTER, which will augment the full effect of the 2016 launches.

In the coming years, we should also benefit from the recovery in the emerging markets. We have strengthened our presence there, like in Iran and Russia. We have just participated in the recapitalization of AVTOVAZ, which is expected to return to operational profitability in 2018. Alliance brands now account for one-third of this market, representing strong growth potential for us.

In France, the new "agreement on work activity for sustainable performance", which commits Groupe Renault and its social partners, builds on the success of the previous one. Unless there is a major downturn in the sector, we are committed to maintaining our 2016 production volume through 2019, modernizing our industrial facilities and hiring 3,600 employees - including 1,800 this year.

In 2017, the global market is expected to record growth of 1.5% to 2%. The European and French markets are expected to increase by 2%. At the international level, the Brazilian and Russian markets are expected to be stable, while China (+5%) and India (+8%) are expected to continue their growth momentum.

In this context and including AVTOVAZ, Groupe Renault is aiming to:

- increase Group's revenues beyond the impact of AVTOVAZ (at constant exchange rates)*;
- increase Group's operating margin in euros*;
- and generate a positive Automotive operational free cash flow.

Beyond 2017, we are preparing for deep and rapid changes in the automotive industry. The vehicle of tomorrow will be electric, connected and autonomous. While remaining attractive, competitive and safe, it will also need to provide customers with the pleasure of driving. The regulatory environment will have to evolve and regulate the new forms of mobility resulting from these technological breakthroughs.

The economies of scale we benefit from, within the Alliance now enhanced by the arrival of Mitsubishi Motors, will allow us to invest and provide all the necessary answers. We are currently working to strengthen our synergies and develop the technologies of our next generation of products and services.

Building on the success of Drive the Change, our next strategic plan will cover the period until 2022 and build the future of Groupe Renault. Our ambition is to achieve €70 billion in revenues, with a minimum margin of 7% at the end of the plan, while maintaining a positive free cash flow every year.

The sustainability of our performance, in terms of growth and profit, will be the main objective.

You will find afterwards the details of all our activites in 2016.

** Compared with 2016 Groupe Renault published results.*

♦ *GRI [G4-6, G4-8, G4-9]*

1.1.1 Strategic Objectives

DRIVE THE CHANGE

The six-year Renault Drive the Change Plan presented in February 2011 aimed to achieve:

- profitable growth for the Group;
- sustained generation of free cash flow.

More precisely, it was divided into two periods:

- the period from 2011 to 2013, which sough to increase volumes to 3 million vehicles and generate €2 billion in cumulative FCF over three years;
- the second part of the plan, which was presented in February 2014, sought to achieve positive FCF every year, while achieving €50 billion in revenues and an operating margin of at least 5% by the end of 2017.

From 2010 to 2016, major crises hit Europe (the Eurozone crisis), as well as major emerging countries for the Group, such as Brazil, Argentina, Iran and Russia. As a result, adverse changes in exchange rates had a negative impact of €2 billion on the operating margin.

In spite of this unstable context, the Group exceeded the two objectives set for the second part of the plan one year in advance, thanks to revenues of €51.2 billion and a 6.4% operating margin in 2016.

Overall, in the past six years, the Group has taken the necessary steps to ensure the long-term success and competitiveness of Renault.

Several levers helped in this.

The first lever: renewal of the product range.

Over the past six years, the Group has launched 32 vehicles, including a range of electric vehicles, out of a global offer of 38. The Group has both enriched and expanded its product range, entering new segments such as crossovers or pick-ups while renewing and upgrading the best-known models such as the Scenic, Espace and Megane. This has made its offering more diversified, and the regional mix better balanced.

In 2011, the Group's largest markets (sales > 100,000 cars) consisted of eight countries, five of which were in Europe. In 2016, the Group's sales exceeded 100,000 cars in eleven countries, such as Brazil, Russia, Turkey, Korea and Iran, as well as new countries like India.

The second lever: local production and supply.

From 2010 to 2016, the Group built plants in

- Tangiers, Morocco;
- Oran, Algeria;
- Wuhan, China;
- and Chennai, India, the Alliance's first joint plant.

Third lever: sales to partners.

From 2010 to 2016, these sales contributed 40% to the Group's revenue growth. The increase in production accelerated the competitiveness of Groupe Renault industrial sites, such as the Nissan Micra site in Flins, France and the Nissan Rogue site in Busan, South Korea. The combined growth of sales and production for third parties has enabled a level of capacity use of 100% to be achieved

Fourth lever: economies of scale.

Over the past six years, the development of common platforms has allowed more vehicles to be built in more countries at lower costs and with less investment.

In order to reduce R&D costs, the Group has developed a modular design approach for integrating the same components in different vehicles.

In 2016, the components of the Alliance CMF platform accounted for 60% of vehicle costs, compared to less than 10% at the start of the plan. In addition, 75% of the engines used by Renault are shared within the Alliance.

To cite another example, the Kwid was built on the Alliance's CMF-A platform, which was launched in Chennai, India and shared with Datsun.

Fifth lever: agreements with social partners.

Thanks to the commitment of the labor unions, the objectives of the agreement have been relayed to all the sites. In three years, production has grown by 50%, and the Group has hired 3,000 people, three times as many employees as originally planned.

Sixth lever: reducing costs.

During the last six years, €3 billion has been saved thanks to monozukuri activities, especially in purchases. The Group has worked on the entire value chain of the vehicle, from product definition to engineering, manufacturing, suppliers and logistics. For example, in 2016, the local supply ratio was 80% in India and China. It has surpassed 60% in Russia, a market where localization is traditionally difficult for all manufacturers.

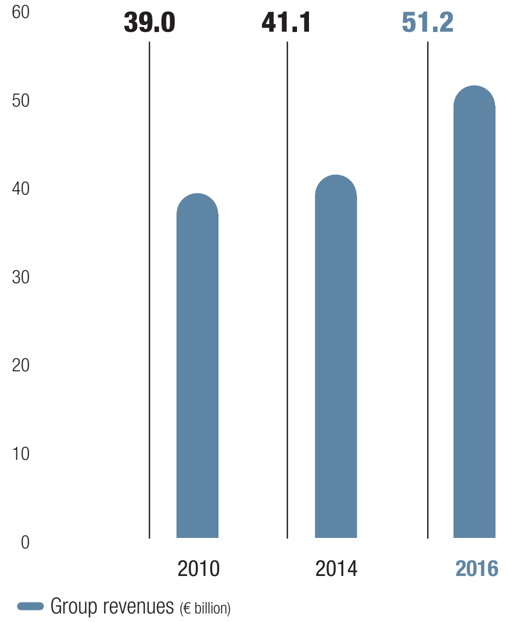
As planned, the Group has reinvested some of the savings generated by monozukuri in product enrichment by investing in elements that creates value for customers. In particular, efforts have been made to modernize the design, which is the main reason cited for purchasing the Group's cars.

The Group has invested in electric vehicles and become leader in Europe.

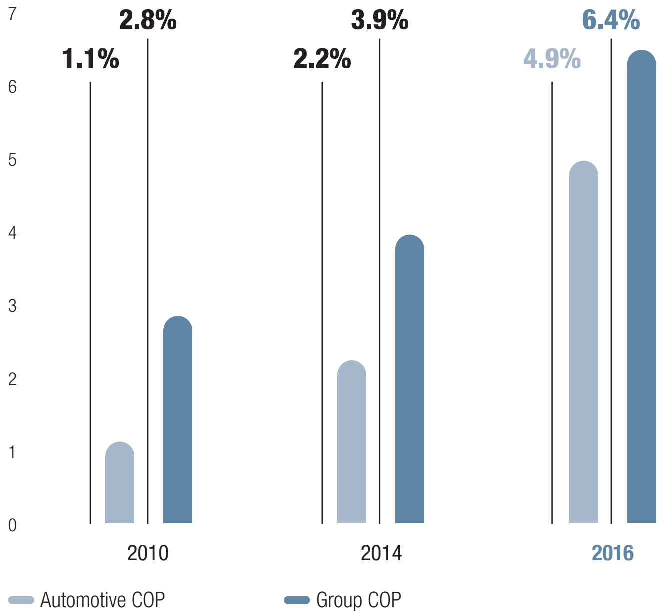
This product enrichment effort has proven worthwhile in Europe, where, with a more modern and competitive product range, the Group has fully reaped the benefits of the market's recovery with a market share of 10.6%.

At the end of 2016, Renault's growth was more global, sustainable and profitable.

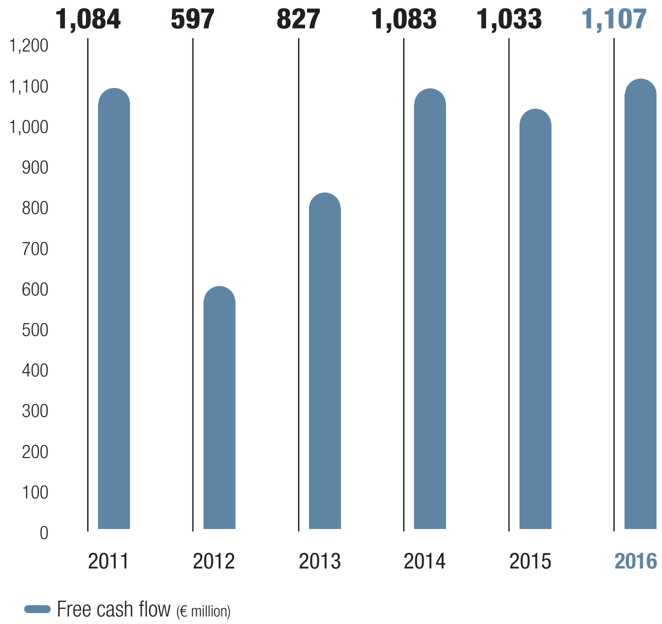
GROWTH TARGET OVER ACHIEVED

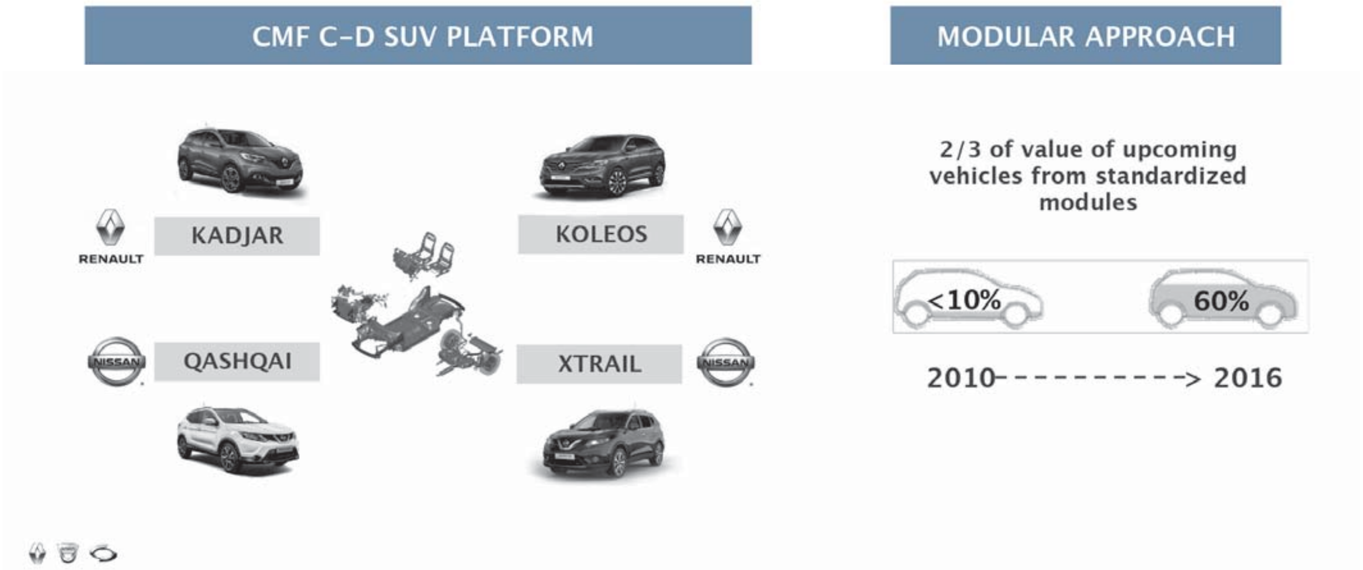


PROFITABILITY TARGET OVER ACHIEVED

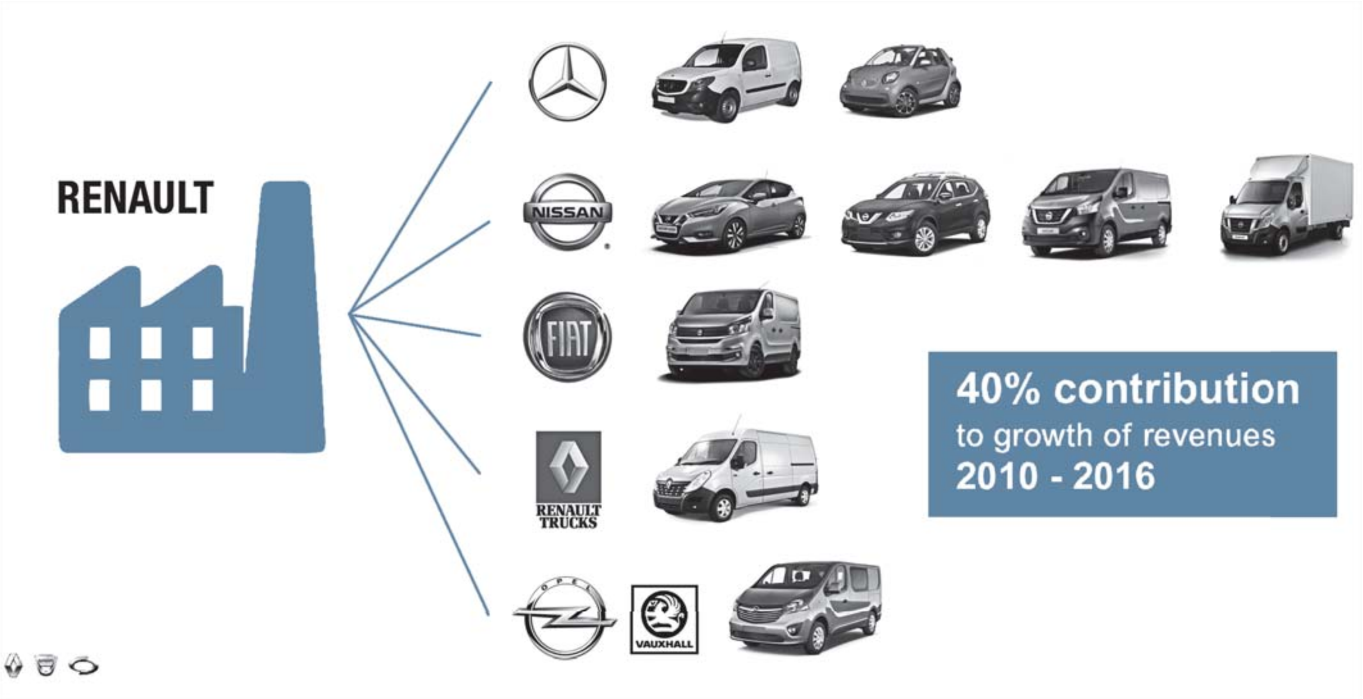


POSITIVE FCF EVERY YEAR





SALES TO PARTNERS



1.1.2 Management bodies at January 1, 2017

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 3.1.1.4.

The Chairman and CEO relies on the Group Executive Committee (GEC) to steer the Group's operational 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.

The Renault Executive Committee meets once a month and at seminars held twice a year.

The Group Executive Committee has twelve members:

- the Chairman and Chief Executive Officer;
- the Chief Competitive Officer, whose main roles are to ensure the development of an attractive product range, make the product line up more competitive, optimize costs, boost quality and improve the profitability of programs;
- the Chief Performance Officer, whose main responsibility is to ensure the profitable growth of the Group. To do so, he is fully responsible for the Regions and the After Sales Business on a worldwide basis. The scope of responsibility of the Region includes the full business scope, including all upstream and downstream activities. He ensures the regional needs are taken into account by the respective Functions of the Company. He ensures the profitability through cost & profit optimization by models & by markets, and fosters cross-regional synergies. He supports the process and methods defined by the Functions to support regional needs and profitable growth;
- 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. In this respect, he 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 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 Ressources 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 Executive Vice President for Quality and Customer Satisfaction, whose mission is to promote the Group's image by managing, together with all Regions, Functions and Programs, the fulfillment of quality and customer satisfaction commitments for products and services in all markets. He is also responsible for protecting customers and the Group by managing the quality assurance management system and deciding recall campaigns;
- 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.

The Renault Executive Committee meets once a month and at seminars held twice a year.

1.1.2.2 RENAULT OPERATIONS REVIEW COMMITTEE

The Operations Review Committee is in charge of operational decisions and reviewing performance at the regional level:

- business KPIs;
- free cash flow management;
- profitability, programs and planning;
- various reports: quality, electric vehicles, fixed costs, etc.

The Operations Review Committee has 18 permanent members:

- the 12 members of the Group Executive Committee;
- 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.

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

1.1.2.3 RENAULT MANAGEMENT COMMITTEE

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

The Management Committee includes the 12 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 Manufacturing & Logistics

MARIE-FRANÇOISE DAMESIN
EVP, Group and Alliance Human Ressources

THIERRY BOLLORÉ
Chief Competitiveness Officer

THIERRY KOSKAS
EVP, Group Sales and Marketing

GASPAR GASCON ABELLAN
EVP, Engineering

CARLOS GHOSN
Chairman and Chief Executive Officer

MOUNA SEPEHRI
EVP, Office of the Renault CEO

BRUNO ANCELIN
EVP, Group Product Planning and Programs

JEAN-CHRISTOPHE KUGLER
EVP, Europe Region

STEFAN MUELLER
EVP, Chief Performance Officer

CHRISTIAN VANDENHENDE
EVP, Quality and Total Customer Satisfaction

CLOTILDE DELBOS
Group CFO,
Chairman of RCI Banque

1.1.3 Key figures

MAIN CONSOLIDATED FIGURES OVER THREE YEARS – PUBLISHED DATA(1)

(€ million)	2016	2015	2014
Revenues	51,243	45,327	41,055
Operating profit	3,282	2,320	1,609
Share in Nissan Motors net income	1,741	1,976	1,559
Renault net income, Group Share	3,419	2,823	1,890
Earnings per share (€)	12.57	10.35	6.92
Share capital	1,127	1,127	1,127
Shareholders' equity	30,895	28,474	24,898
Total assets	102,103	90,605	81,551
Dividends (€)	3.15(2)	2.40	1.90
Automotive cash flows(3)	4,362	3,451	3,138
Net cash position	2,720(4)	2,661	2,104
TOTAL WORKFORCE AT DECEMBER 31	**124,849**	**120,136**	**117,395**

(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) Proposition to be submitted to the AGM on June 15, 2017.
(3) Excludes dividends received from associates.
(4) Includig AVTOVAZ.

Operating margin (€ million)	2016	2015	Change
AUTOMOTIVE	**2,386**	**1,546**	**+840**
As a % of Automotive revenues	4.9%	3.6%	+1.3 pt
SALES FINANCING	**896**	**829**	**+67**
GROUP OPERATING MARGIN	**3,282**	**2,375**	**+907**
As a % of Group revenues	6.4%	5.2%	+1.2 pt

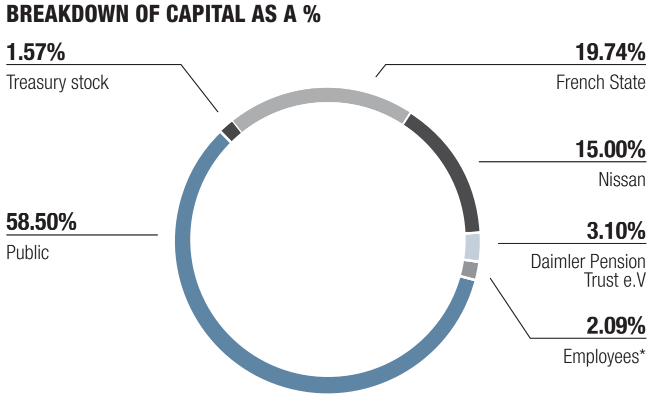
* *Figures restated (see page 60).*

	2016	2015	Change
Worldwide registrations* (units)	3,182,625	2,808,926	+13.3%
Group revenues (€ millions)	51,243	45,327	+13.1%
Including:			
Automotive	48,995	43,108	+13.7%
Sales financing	2,248	2,219	+1.3%

* *Since January 1, 2016 volumes in China have been reported on the basis of retail sales versus wholesales previously. 2015 volumes have been restated.*

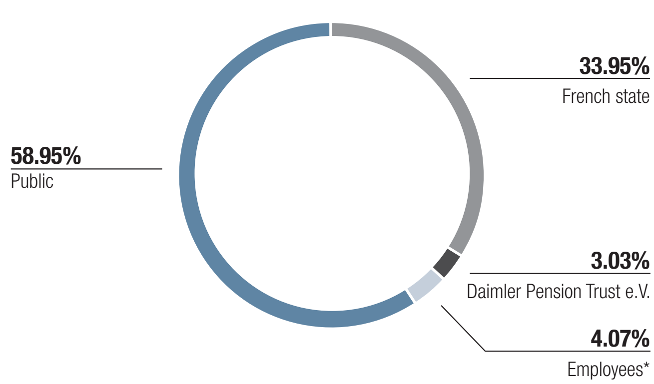
RENAULT SHAREHOLDERS AT DECEMBER 31, 2016

BREAKDOWN OF CAPITAL AS A %



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

BREAKDOWN OF EXERCISABLE(1) VOTING RIGHTS AS A %



(1) See chapter 5.2.6.1.

1.1.3.1 GROUPE RENAULT: ONE GROUP, THREE BRANDS ♦

A carmaker since 1898, Groupe Renault today is a multi-brand international group, which in 2016 sold more than 3.1 million vehicles in 127 countries. It has over 124,000 employees and produces vehicles and mechanical products at 36 manufacturing sites. In order to address the great technological challenges of the future and pursue its profitable growth strategy, Groupe Renault:

- is committed to sustainable mobility for everyone, through innovative solutions such as electric vehicles;
- is developing profitable growth, in particular due to the Renault-Nissan Alliance and its other partners.

RENAULT THE GROUP'S GLOBAL BRAND

2,487,309 vehicles sold in 2016 (+14.2% vs 2015)

Renault is sold in 127 countries worldwide, at 12,000 sales points. In its nearly 120-year history, Renault has forged its identity through innovation accessible to the greatest number of people.

DACIA THE GROUP'S REGIONAL BRAND

584,219 vehicles sold in 2016 (+6% vs 2015)

Dacia is sold in 44 countries in Europe and the Mediterranean region. The brand has attracted over 4 million customers since 2004, by offering a robust range of vehicles at a reasonable price.

RSM THE GROUP'S LOCAL BRAND

111,097 Vehicles sold in 201 (+38.8% vs 2015)

RSM is sold in South Korea at 197 sales points. Its vehicles cover the mid-range (including its electric model), the high-end segment, and sport utility vehicles (SUVs).

1.1.3.2 GROUPE RENAULT'S TOP 15 MARKETS

	Registrations	Ranking 2015	2016 volumes* (units)	PC + LCV market share 2016 (%)	Change in market share vs 2015 (points)
1	France	1	651,778	26.9	+0.44
2	Germany	3	198,609	5.5	+0.34
3	Italy	6	190,610	9.4	+0.32
4	Spain	5	170,272	12.9	(0.22)
5	Turkey	4	169,236	17.2	+0.45
6	Brazil	2	149,977	7.5	+0.22
7	United Kingdom	7	138,642	4.5	+0.25
8	India	13	132,235	4.0	+2.23
9	Russia	8	117,227	8.2	+0.69
10	South Korea	11	111,087	6.2	+1.75
11	Iran	14	108,536	8.4	+3.66
12	Argentina	12	99,097	14.5	+1.83
13	Belgium+Luxembourg	10	92,247	13.8	+0.47
14	Morocco	15	61,726	37.8	(0.34)
15	Algeria	9	61,249	51.3	+15.72

* *Figures at end-December 2016 (excluding the TWIZY)*

♦ *GRI [G4-4]*

1.1.4 2016 highlights for the Group and by Region ♦

— February

Renault UNVEILS its first plant in CHINA.

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.

— April

RENAULT PRO+ improved driving solutions: Renault

Pro + continues to expand its offering by offering new, improved driving solutions: Extended Grip, X-Track and MASTER 4x4.

— May

KWID goes Brazilian

Renault announces the production of the KWID in Brazil in a version adapted by Renault Technology Americas and Renault Design Latin America.

— June

A new Renault OPEN INNOVATION lab, in ISRAEL.

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.

— July

Record synergies for THE RENAULT-NISSAN alliance

The Renault-Nissan Alliance has met its annual goals one year before the target date and recorded €4.3 billion in synergies in 2015.

— September

Renault unveils its TREZOR concept-car

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.

Renault ACCELERATES its development in IRAN

Renault announces the signature of an agreement for the creation of a joint-venture with IDRO, the Iranian industrial development and renovation fund.

Renault-Nissan PARTNER of Microsoft

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.

Renault is partnering with WAZE.

To improve its customers' navigation and driving experience, Renault has begun a collaboration with the community-based traffic and navigation application.

— October

MITSUBISHI is joining the RENAULT-NISSAN alliance

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.

Renault is HIRING

Renault announces that it is hiring 1,000 more people on permanent contracts by the end of 2016 in France. A total of 3,000 employees will have been hired on permanent contracts between 2015 and 2016.

— December

THE RENAULT FOUNDATION turns 15

Since 2001, the Renault Foundation has developed and supported training programs in multicultural management, road safety and sustainable mobility. In 15 years, more than 950 students of 35 nationalities have benefited from these programs.

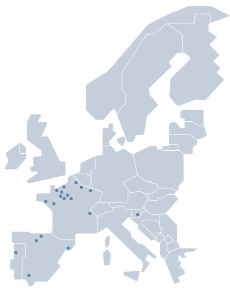
AVTOVAZ

On December 28, AVTOVAZ became fully consolidated within Renault's accounting scope by global integration.

♦ *GRI [G4-13]*

HIGHLIGHTS

Europe Region



Locations:

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

Renault, the second-largest brand in Europe

Sales are up in every country.

In Europe, the Group's PC+LCV market share rose by 0.5 points to 10.6%. Registrations are up 11.8% to 1,805,290 vehicles. The Group's sales are up in every country in the Region.

In France, the Group is having its best sales year for five years, with sales growth of 7.3%. In the Europe outside France scope, the Group is having its best sales performance since 2004, with growth of 14.5%.

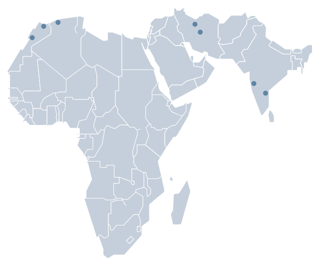
In Austria and Denmark, the Group is breaking records in sales and market share.

- The Renault brand is having another year of growth and has moved up to second place in Europe. With 1,390,280 registrations (+12.1%), its market share is now 8.1%, for a rise of 0.4 points. In France, the Renault brand continues to strengthen its leading role, with 22.3% market share, it is also number 1 in Portugal (for the nineteenth year in a row), Spain and Belgium. With the CLIO ph2, SCENIC, MEGANE Grand Tour, and MEGANE Estate, Renault is continuing its product offensive and offering its customers a fully renewed range of vehicles. With the CLIO and CAPTUR at the top of their segment, Renault reaffirms its leadership on the city car market.
- The Dacia brand has had another record year with 415,010 units sold (+10.8%).
- Renault reaffirms its leading role on the electric vehicle market in Europe with 25,648 units sold – not including the TWIZY (+11%) The ZOE is still the PC market leader with 21,735 registrations for the year (+16%). It now has a new battery, giving it twice the range, at 400km NEDC (300km in actual use).

  The KANGOO Z.E. is the leader in electric LCVs, with 3,901 vehicles. Renault now offers a complete range of electric cars for professionals, with MASTER Z.E. and the new KANGOO Z.E. (which has an increased range of 270km NEDC– 200km of actual use), the business version of the ZOE and the TWIZY cargo.
- In 2016, European plants were once again in the spotlight with the launch of the New SCENIC in Douai, a one-year production record for the Palencia and the milestones of the 200,000th TRAFIC manufactured in Sandouville and 5 million CLIOs produced in Flins since the model was launched in 1991. Competitiveness agreements were also signed in Spain and Portugal.

New Renault CLIO

Africa Region, Middle East, India



Locations:

Casablanca, Tanger (Morocco)
Chennai, Pune (India)
Oran (Algeria)
Teheran (Iran)

More than 36% growth in 2016

Success of the KWID in India

- In Africa, Middle East and India, Group registrations (491,151 vehicles) are up 36.4%, for a market share of 6.2% (+1.7 points).
- In India, Renault is still the leading European automobile brand, with sales up 145.6%. KWID had 105,745 registrations. India is now the eighth largest country in the Group (up 5 places from 2015). Nearly 640,000 vehicles were produced in the Region, for an increase of 59% from 2015.
- In Iran, sales surged 110.7% with a market share that rose by 3.7 points to 8.4%. The Group is once again a major player after the reopening of the market, doubling its market share in one year, thanks to the success of the TONDAR and the SANDERO.
- In North Africa, the Group has a 38.5% market share, for a rise of 4.9 points.
- In Algeria, it has record market share of 51.3% with a gain of 15.7 points, thanks to the local production of the SYMBOL.
- In Morocco, Dacia and Renault occupied first and second positions on the market, respectively and Group registrations increased 22.5% with market share of 37.8%, and record sales.

Eurasia Region

Locations:

Bursa (Turkey),
Moscou, Togliatti (Russia),
Pitesti (Romania)

Strong performance and records in Turkey and Russia

With the Renault MEGANE in Turkey and the Renault KAPTUR in Russia, the renewal of the range is paying off despite an uncertain economic environment.

- In Eurasia, registrations are up 2.3% (364,451 vehicles) in a market that was down 6.3%. The Group's market share rose as a result by 1.1 point to 13%, thanks to its dynamic performance in Turkey. With record market share of 17.2%, Group sales in Turkey have reached an all-time high (169,236, +4.4%).
- The New MEGANE Sedan manufactured at the Bursa plant and exported to over 50 countries has been a huge success, with over 13,200 orders in two months. In Romania, the Renault MEGANE won the award for Car of the Year in 2017.
- Growth in most countries in the Region is making up for the fallout from the economic crisis in Russia, where the market slumped 10.8%. By keeping the drop in its registrations at 2.6%, Renault achieved record market share of 8.2%, an increase of 0.7%, due in large part to the success of the KAPTUR, which has had over 14,600 registrations since its launch in June. The first model with global ambitions produced at the Moscow plant, the Renault KAPTUR has enormous potential for export and is already being sold in Belarus, Kazakhstan, Kyrgyzstan and Armenia. Renault Russia has significantly extended its scope for export, with its first shipments to Vietnam and Algeria.
- In Bulgaria, where the Dacia brand is the leader for the fourth year in a row, the Group dominates the market with 24% market share. In 2016, Renault was the brand leader in Belarus and Ukraine.
- The Dacia Mioveni plant in Romania produced 320,239 vehicles in 2016 and celebrated the production of its one millionth DUSTER, a vehicle that is still an enormous success.

Renault KWID

Renault MÉGANE SEDAN

Asia-Pacific Region

Locations:

Busan (South Korea),
Wuhan (China)

Major launches drive growth

South Korea, the Group's largest market in the region, is growing fast, and China is following suit.

- In the Asia-Pacific Region, registrations were up 34%, to 167,363 vehicles, driven by South Korea's strong performance and China's upswing.
- In South Korea, Renault Samsung Motors grew 38.8% in a market that was down 0.3%: the market share was 6.2% (+1.7 points) thanks to the successful launches of the SM6 and QM6 in 2016. For the QM6, over 21,000 orders were made in only four months.
- SM6 was awarded the prestigious "Car of the Year" award by the Korean Automotive Journalist Association and the "Safest Car of the Year" award by the Ministry of Infrastructure, Land and Transport.
- In China, after the launch of the KADJAR, the first vehicle produced locally by the Dongfeng Renault joint-venture, Renault reported growth of 50.8% in its registrations in a market that was up by 14.0% The New KOLEOS reported nearly 10,000 orders in two months. Intense efforts were made in strengthening the brand in China and expanding the network, which now has 150 points of sale. The Wuhan plant is getting ready to produce its first electric vehicle by the end of 2017.
- Australia is now a Renault subsidiary and the third pillar in the Region.
- Japan has achieved record sales, and has grown 5%.
- The market share of New Caledonia increased 3.2 points to 18.9%.
- Sales in Malaysia showed growth of 25%.

Samsung SM6

Americas Region

Locations:

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

Market shares are up

Major launches with the DUSTER Oroch, ALASKAN and CAPTUR.

- In the Americas Region, where sales are up 0.1% (354,370 vehicles) in a market in decline by 4.1%, the Group withstood economic difficulties with a market share of 6.5%, up 0.3 point.
- In Brazil, the market share increased 0.2 points to an unprecedented level of 7.5% in a market that fell 19.8%. MASTER is still the leader in its segment for the third year in a row. In 2017, the Group will have a completely new SUV line, with the the CAPTUR, New KOLEOS and KWID.
- In Argentina, the Renault brand continues to reap the benefits of the market's recovery and experience registration increases of 24.8% in a market that was up 9.1%. After the 2015 announcement of an investment of $600 million for the industrial development of a one-ton pick-up for Renault, Nissan and Daimler, another investment of $100 million was announced in July 2016 for the production of a new model in the Santa Isabel plant. The production of the SANDERO, Stepway and LOGAN began in November in the Santa Isabel plant.
- In Colombia, new records in volume and market share were achieved, with 21.3%, the highest market share in the 47-year history of the Renault brand in the country. 2016 was a good year for Colombia with the launches of the half-ton DUSTER Oroch pick-up (which already ranks among the best LCV sales in Colombia) and the CAPTUR. Renault celebrated the history of the automotive industry in the country by organizing, for the first time in Colombia, the worldwide launch of the one-ton ALASKAN pick-up in June.
- In Mexico, Renault reported record sales, with 29,917 vehicles (+23% vs 2015).

Renault DUSTER OROCH

SALES FINANCING

In 2016, RCI Banque saw a sharp increase in its activity, with 1,563,954 contracts financed, representing an increase of 12.5% year-on-year.

The financing penetration rate stands at 37.7% compared to 37.1% in 2015. Excluding Turkey, Russia and India (companies accounted using the equity method, "EM"), this rate is as high as 41.0%, compared to 40.0% in 2015.

In this context, new finance contracts (excluding cards and personal loans) saw robust growth across all Alliance brands, with volume reaching €17.9 billion, up by 14.9% over the year.

A pillar of the strategy of the RCI Bank and Services* activity, the Services activity heightened its success, with a 19.8% increase in the volume of new service contracts in one year, to more than 3.4 million contracts (of which more than 63% in vehicle-related or customer centric services).

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

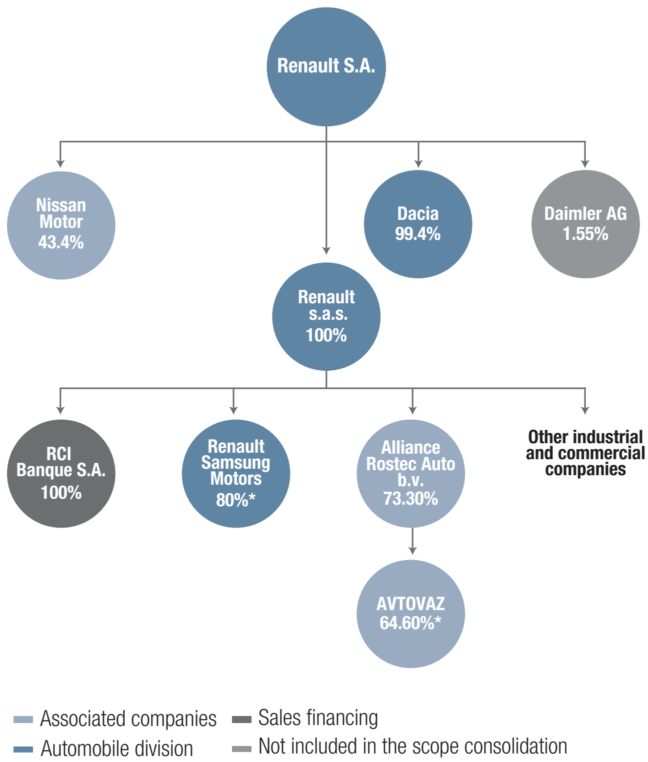
- The Group's activities have been organized into two main types of operating activities, in more than 120 countries:
  - automotive, with the design, manufacture and distribution of products through its distribution network (including the Renault Retail Group subsidiary):
    - new vehicles, with several ranges (PC, LCV and EV [exclusively Renault]) marketed under three badges: Renault, Dacia and Renault Samsung Motors. 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 to these two business-lines, 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 by global integration.

STRUCTURE OF GROUPE RENAULT
(as a % of shares issued)



** Indirect interest by Renault s.a.s*

** RCI Bank and Services is the company's trading name since 2016, although its corporate name, RCI Banque SA, remains unchanged.*
♦ *GRI [G4-4]*

1.1.5.1 AUTOMOTIVE: BRANDS AND BADGES

Groupe Renault designs, develops and sells passenger cars and light commercial vehicles under three brands, Renault, Dacia and Renault Samsung Motors.

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, in other words French know-how, a challenge to conventions seen in our exterior and interior designs, and close attention to quality of execution…

...and we make life easy for our customers by personalizing their driving experience.

The ESPACE is the brand's flagship model, with its robust and stylish crossover design and customizable MULTI-SENSE system.

Thus, the New TWINGO makes urban life more flexible with the best steering radius in its class, the New ESPACE offers one-touch modularity that lets drivers, from the central screen, make the seats disappear into the floor… Lastly, R-LINK makes everyday life easier, thanks, notably, to the integrated multimedia tablet.

The Renault brand can be found in more than 120 countries, and is distributed in 12,000 dealerships. Its range comprises over 30 models across all countries.

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 wide reputation for innovation, Renault continues to renew its automotive product lines. In 2016, seven new models embodied this spirit of creating a better life for the customer in each and every moment, through innovation: the KWID, DUSTER Oroch, TALISMAN and the New MEGANE (Hatchback, Estate and Sedan models), the new SCENIC and Grand SCENIC and the KAPTUR in Russia.

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. The 2016 debut of KAPTUR on the Russian market is the latest example of this. Manufactured in the Renault plant in Moscow, KAPTUR, a C-segment SUV, combines very attractive design and product features fully adapted to the requirements of the Russian market.

PASSENGER CARS (PC)

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

KWID, which was launched in the Indian market in October 2015, has already received over **133,000** net orders, and **112,000** of these have already been delivered to customers. Its success is a testament to the unique, credible product offering designed to be affordable for as many people as possible – not to mention the effective sales strategy that accompanied the launch: a dealer network which is motivated and fully supported by modern and efficient digital tools. Based on its initial success, KWID has proven its 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 New 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 2016, the TWINGO continued to be the benchmark for its segment in France (26.8% share of A-segment in 2016) and maintained its positions in Europe (6.6% share of A-segment in 2016). Finally, TWINGO has expanded its range with the introduction of EDC in 90hp models and a highly successful Limited Series. The GT version completes the offer starting in January 2017 and is aimed at customers looking for driving pleasure and a sports car experience (110 horsepower engine and manual gear shift).

In B-segment hatchbacks, CLIO IV launched its phase 2 in September 2016. The launch was unanimously acclaimed by the international media. This new version is more mature and accomplished than ever. With its refined materials and noticeable superior quality (steering wheel, seats, finishes) CLIO IV now includes technological equipment that makes driving easier, like Easy Park Assist and Premium BOSE Multimedia and sound. Finally, the model is further expanding its range of engines with a 110 dCi BVM and a Tce 120 with a manual gear shift. All of this helps CLIO maintain its leading position in Europe (7% of B-segment share in 2016). The CLIO IV's success sparked a fourth wave of industrial development in February 2017 at the NOVOMESTO plant in Slovenia as well as the sites at Flins (France), Dieppe (France) and Bursa (Turkey).

The ESTATE version, with its attractive shooting-brake styling, remains in second place in this sub-segment in Europe (24.7% of the B station wagon sub-segment in 2016). 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 looking for a sporty look for a reasonable budget, the Pack GT-Line offers a sporty appearance with an optional exterior and interior look.

In the growing B crossover sub-segment, the CAPTUR offers the best of three vehicle styles: the expressive styling and driving position of an SUV, the interior space and modular design of a minivan, and the handling and drivability of a compact hatch. Sold in more than 45 countries, the CAPTUR is a global car which has cemented its leadership in the crossover B-segment in Europe amid increasing competition (more than a 21% market share in 2016). The CAPTUR is acclaimed by our customers and strongly contributes to the brand's image in the countries where it is sold.

Sales of the KANGOO continued to do well not only in Europe, but also worldwide. The KANGOO passenger car is sold in 35 countries. It is manufactured in Maubeuge (France) and is one of the leaders in its segment in terms of CO_2 emissions and low fuel consumption.

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 VP sales in India, Russia, Brazil, Colombia, Argentina and elsewhere, putting it in all these countries at the top of the C-SUV model segment sales in 2016. This success is repeated year after year!

In May 2016, the KAPTUR was launched on the Russian market. Manufactured in the Renault plant in Moscow, KAPTUR, a C-segment SUV, combines very attractive design and product features fully adapted to the requirements of the Russian market, notably a 4WD transmission. Almost 10,000 customers have already bought one! This initial success confirms the strong global expansion potential for this model

C-segment represented 38.9% of the global market in 2016, 41% of which in Europe, where RENAULT is in the TOP 3 and rising, with a 0.8% increase in market share over 2015.

Globally, **the C-SUV segment** has steadily increased for ten years, with a volume of nearly 8 million units in 2016, including more than 2 million in Europe, where its volume has more than tripled since 2009.

Since its launch in June 2015, the KADJAR has been a commercial success in Europe and internationally. Based on its three main assets, its exterior design, versatility and efficient engines, the KADJAR, with 163,000 vehicles sold worldwide, has established itself as a major player in the C-SUV segment.

In Europe, with 128,000 vehicles sold and a ranking of seventh place for the segment, it is already one of the main actors in the market. It is doing even better in some major markets like France, where KADJAR is second in the C-SUV segment with more than 38,000 vehicles sold and a segment share of 13.8% for the year.

The KADJAR is also the first RENAULT vehicle manufactured in China, at the Wuhan plant, for the Chinese market. It was launched in the SUV segment, which is the most dynamic in China, with more than one third of sales in 2016. With the same features and style as the European version, the KADJAR in China relies on its dynamic design and technological equipment to meet the expectations of Chinese customers.

The KADJAR is the first model to express the brand's "Passion for Life" ambitions in China. Renault is only just embarking on this new Chinese adventure, however, the results are already encouraging, with 21,500 vehicles sold, and a sharp acceleration in sales at the end of 2016.

The C-HATCH segment, continues to be the largest sub-segment of C-segment in Europe, with a share of 36.1% in 2016 and a rise of 4.6 points compared to 2015.

2016 was marked by the launch of the New MEGANE, with the Sedan version in January in the top markets, the ESTATE version in September and finally the Sedan version in October. With these launches, RENAULT began a strong offensive in a very competitive segment, with a model that is different from the competition thanks to:

- a dynamic exterior design with a distinctive front and rear 3D-effect LED light signature, paired with a meticulously crafted cockpit-style interior;
- technology from the next segment up, introduced on the ESPACE and TALISMAN, such as MULTI-SENSE, which allows the driving experience to be customized, a color head-up display, 8.7-inch R-LINK 2 portrait touchscreen and various driver assist systems.

With 161,400 units sold, including 143,400 in Europe, the New MEGANE, in these three versions, is gaining on its competitors. Notably, the New MEGANE sedan accounts for 4.2% of the segment, up 1.3 point from 2015, and occupies eighth place in the segment. In France, with 40,725 vehicles sold in 2016, the model is up +4.4 points and is now in second place, representing 15% of the segment.

For the C-MPV segment, which has been growing slightly in Europe since 2014, Renault reinvented the compact MPV. It is still flexible and even more desirable with the New SCENIC and the New GRAND SCENIC.

Twenty years ago, Renault invented the compact MPV with SCENIC, the benchmark for the segment. Nearly five million units later, Renault is completely reinventing its vehicles in the segment with its fourth generation models.

The short version was unveiled at the Geneva expo in March 2016 and the long version in May 2016. With its more seductive appearance, the New SCENIC's design is a sharp break with the designs of previous generations.

The New SCENIC rethinks the MPV to make it more desirable, practical, powerful and high-tech while preserving the modularity advantages that make it a success and meet the needs of families:

- **desirable**, with its sleek and powerful shape, two-tone body, and large 20-inch wheels on all versions, a first for the segment worldwide;
- **practical**, by offering such features as a larger storage capacity (630 L) and the largest trunk-loading volume for the entire segment[(1)];
- **powerful**, with its wide range of 6 diesel engines and 2 gas engines, which include – in the range's flagship diesel version – a new Hybrid Assist technology version that will be launched in 2017;
- **high-tech**, thanks to its 15 driver assist technologies and services like the Active Emergency Braking System with pedestrian detection present on all equipment.

Pre-ordering began in the fall of 2016. In a few months, the New SCENIC has already attracted nearly 20,000 customers in Europe.

Sale of the New GRAND SCENIC began in January 2017, with the exhibition and introduction of the vehicle to customers during the *Opérations Portes Ouvertes* (OPO) in January.

(1) For the short version.

The year 2016 saw additional renewal of the high-end Renault line. After the Renault ESPACE, which was released in the spring of 2015, and the Renault TALISMAN sedan, released at the end of 2015 on the French and Belgian markets, then from January 2016 in all of its target markets, the Renault TALISMAN Estate was launched in all of its markets starting in spring 2016. Finally, starting in August 2016, the new Renault KOLEOS, the SUV's second-generation model, was added to Renault's high-end segments outside of Europe (where it will be released in 2017 along with current offerings).

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, 4-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.

Renault ESPACE made 27,278 sales in 2016 with a 17.7% market share in its category in Europe (excluding unreleased right-hand drive vehicles). It is the leader in that category in France, Belgium, Italy and the Netherlands. Just as in its launch year, in 2016, more than 40% of ESPACES sold were the "INITIALE PARIS" version, 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.

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 strict rules of the three-box sedan (or the segment's station wagons);
- a spacious and comfortable cabin with front seats inspired by airline business class: high-quality workmanship and best-in-class functionality with 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 combine 4CONTROL four-wheel steering with active damping, allowing it to deliver unique road manners, plus safe, dynamic, agile handling, and outstanding ride comfort;
- modern petrol and diesel engines that balance performance and efficiency with fuel economy and CO_2 emissions, starting at 3.6 l/100km and 95g CO_2 /km.

In 2016, the Renault TALISMAN Sedan achieved sales in Europe (excluding unreleased right-hand drive vehicles) of 20,695 units and 7.5% of its category excluding luxury and premium brands and ranked fifth. The body of the ESTATE introduced during the year has been available throughout Europe since the summer and adds 13,503 units to that figure and will eventually represent the majority of sales.

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. Eventually, it will be sold in over 80 markets worldwide. 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, both of which were praised by the international media when it was introduced in July 2016.

Renault KOLEOS was launched from the summer of 2016 in Australia, New Zealand, Chile, Mexico and the Middle East and finally in China in mid-November. About 5,121 units were sold during the launch period.

LIGHT COMMERCIAL VEHICLES (LCVS)

Groupe 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 made its entry in the pick-up segment with the Renault DUSTER Oroch, launched in Brazil in early November 2015. This first step in the brand's global offensive in the pick-up market was successful in all countries in which the DUSTER Oroch was sold. In 2016, the Renault DUSTER Oroch moved up to third place in its segment, with 28,600 vehicles sold in the Americas Region. In Argentina and Colombia, it is the leader in its segment with respectively 9,700 (9.1% segment share) and 2,350 sales (19.2% segment share).

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 flagship 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 2016 was exceptional in many ways with historic sales records of PC and LCV sales for DUSTER Oroch, DOKKER, TRAFIC and MASTER! As a result, with 434,444 sales of LCVs, or 4.4% of the global market share (excluding North America), the Group has set a new benchmark. In Europe, Renault remains a strong leader with 15.9% of the LCV market (excluding pick-ups). Outside Europe, the Group set a record of 110,000 sales, or more than 25% of its sales worldwide, thanks to the Americas and Asia-Pacific Regions, which had their best performance ever in 2016.

Renault's LCV range comprises vehicles from 1.6 to 6.5 metric tons and from 2 m^3 to 22 m^3, in gasoline, diesel and electric versions (KANGOO Z.E.).

In the light van segment (less than 2 metric tons), the KANGOO Express remains the market leader. In Europe it outperformed the market, boasting three different lengths and introducing three new electric versions for greener driving (the KANGOO Z.E., KANGOO Maxi Z.E. 2-seater, and KANGOO Maxi Z.E. 5-seater).

The first generation of the KANGOO, made in Cordoba (Argentina), has a redesigned front end, becoming the market leader in South America with market share of more than 36% (+7% in volume).

In the van segment (between 2 and 6.5 metric tons), Renault is continuing its offensive with a range that was updated in late 2014: the New TRAFIC and the New MASTER range.

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 September 2016 production of the 200,000th TRAFIC is proof of both the commercial success of the van and the good health of the plant, which for the past few months has also been manufacturing vehicles for our partners Fiat and Nissan as well as part of the production of Vauxhall/Opel.

Intended as a mobile office, with a robust, dynamic design that captures the Renault brand identity, the Renault 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 the large van segment, the Renault MASTER offers "made-to-order" features and greater safety, with 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 22 m^3.

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_2 consumption and emissions. Its features have helped Renault MASTER win the award for Best Utility Vehicle one year after its commercial launch.

The MASTER is manufactured at the Batilly plant (France) and Curitiba plant (Brazil). It is sold in 30 different countries. In Europe, the share of the large vans segment stood at 13.8% (including sales of Renault Trucks), making Renault MASTER one of the top brands. Internationally, the Renault MASTER was the leader in 2016 in strategic markets including Brazil (42.5% of the segment), and continues to expand, especially in Australia (19.3%).

ELECTRIC VEHICLES (EVS)

In 2016 Renault maintained its leadership for 100% electric vehicles in Europe. With more than 21,700 sales, the ZOE remained the best-selling electric car for the European market, as it did in 2015. In 2016, the Alliance reached the 350,000 mark for 100% electric vehicles sold and continues to be a global leader in that market. Renault has sold more than 100,000 electric vehicles in Europe since its first model, the KANGOO Z.E., was launched in October 2011 [61,200 ZOE, 25,200 KANGOO Z.E., 6,600 FLUENCE Z.E. and 19,400 TWIZY].

The 100% EV market continues to grow at a steady pace. Sales worldwide are now over 330,000 units in 2016. Electric vehicles are growing 6-7 times faster than hybrid cars in their day. Announcements by major competitors validate our strategy and contribute to awareness of electric vehicles.

The two largest markets in the world are Europe and China (accounting for two-thirds of the global market between them). In Europe, in 2016, the market exceeded 100,000 sales in a year for the first time. France has become the largest market for electric vehicles in terms of volume through a development incentive policy. In Norway, which is now the second-largest market (it was the largest in 2015), more than one out of every seven vehicles sold is electric. For Renault, the most important markets are France, Norway, Germany and the United Kingdom. The growth of electric markets is also linked to infrastructure. For example, in the United Kingdom, the rapid charging station network covers 100% of British motorways. The number of charging stations has even multiplied in some places to meet growing demand from users of electric vehicles.

In 2016, Renault once again demonstrated its expertise with the launch of the New ZOE with a New Z.E. 40 battery. This innovation doubles the ZOE's autonomy. It is now the general public electric vehicle that goes the farthest on a single charge. The ZOE was already number one in sales in Europe, and its opportunities for use are expanding while remaining an affordable purchase. For Renault, an electric vehicle pioneer and market leader in Europe, the ZOE, with its Z.E. 40 battery, is further proof of its proactive strategy of large-scale deployment of zero emission vehicles. The New ZOE was already delivered to its first customers at the end of 2016.

Three years after its launch, TWIZY sales are steady at over 2,000 sales a year. This is an important advertising medium for the brand and the TWIZY is right at the heart of all electric vehicle promotional initiatives. It is now a brand ambassador in over 27 countries.

The KANGOO Z.E. remains Europe's best-selling light commercial electric vehicle, with more than 24,800 sold since its launch. In 2016, the KANGOO Z.E. remained number one in the market. With the 2017 launch of the MASTER Z.E. and the New KANGOO Z.E., with both a new battery and a new engine for 58% greater autonomy, Renault has expanded its range of electric vehicles and keeps its leadership in the electric light commercial vehicle market.

The record level of satisfaction among our ZOE and KANGOO Z.E. customers is another positive sign, which enables us to rely on our customers to boost awareness and the image of our Z.E. range.

In 2016, Renault developed innovative connected services. To simplify trips of all kinds, Z.E. Trip and Z.E. Pass make access to the public charging points and recharging easier. These services will be expanded in the first half of 2017 to include a new smartphone application that offers door-to-door navigation. The high connectivity that our electric vehicles have can also modulate charging based on cost and intensity of electricity.

DACIA: A NEW RECORD YEAR

- The brand continues to grow (sales up +6% versus 2015) and has set a new sales record of 584,219 vehicles.
- The brand is the leader in Romania, Bulgaria and Morocco.
- The Dacia's share of the PC/LCV market is up in Europe by +0.1 pt (2.4%), in Eurasia by +0.2 pt (7.9%) and in North Africa by +1.1 pt (19.4%).
- Dacia has sold over 4 million vehicles since 2004.

Dacia offers a range of robust, reliable vehicles with a 3-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.

In 2016, Dacia revisited the design for four of the brand's iconic models, the LOGAN, LOGAN MCV, SANDERO and SANDERO Stepway. Thanks to this development, Dacia inaugurated its new light signature, which gives these models an even more dynamic and modern style. The brand also adopted a new very economical fuel engine, the new SCe 75, a new EDC dual-clutch transmission in DUSTERs and new equipment at a price that remains very accessible.

With over 4 million vehicles sold in Europe and the Mediterranean Region since 2004, Dacia remains a remarkable success story.

Furthermore, it has just reported a record year for sales, which were up 6% on 2015 at 584,219 vehicles as of the end of 2016.This encompasses its entire range, *i.e.* the DUSTER, SANDERO, SANDERO Stepway, LOGAN, LOGAN MCV, LODGY and DOKKER.

In Europe, Dacia had a record 415,010 new vehicle registrations at the end of 2016, up 10.8% from 2015.

In France, Dacia is ranked fourth 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 just as keen to express their commitment to the brand on Facebook, with an international page and 26 country-specific pages. The community continues to grow on this social network, and Dacia now has almost 3.3 million followers.

Dacia DUSTER is a real success with its attractive design, space, reliability and off-road capabilities, all at an affordable price. The model has sold over 900,000 units in six years on the market.

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 new Stepway version, the LODGY boasts a muscular look and a strong personality inspired by the world of crossover vehicles.

In 2015, 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, accounting for 27% of production. The success of the Stepway version has given the DOKKER an additional 2-point share of the crew van segment in Europe.

RENAULT SAMSUNG MOTORS: THE GROUP'S REVIVAL IN SOUTH KOREA CONTINUED IN 2016

- 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 surged in 2016 compared to 2015, with 111,087 units, up 38.8% in a stagnant market. The brand's market share rose from 5.1% to 7.1%. This is due to the success of the brand's two flagship models, which were renewed in 2016 as planned: the SM6 sedan (built on the same platform as the Renault TALISMAN), which replaces the SM5 (whose low-end models are still on sale), and the QM5 SUV, which was replaced by the QM6.

In terms of sedans, the SM3 covers the C-segment and is also available as an electric version, the SM3 Z.E. In the large luxury sedan segment, the brand has the SM7, featuring a V6 engine and the latest technology of the Renault-Nissan Alliance.

The first event of the year was the sale of the SM6 sedan to replace the SM5 in the high-end sedan range. The SM6 is closely derived from the Renault TALISMAN. Both vehicles were developed at the same time by the two RSM engineering centers in Seoul and the Technocentre Renault in France. Released in March, it was an immediate success, with orders 20% higher than projections. The SM6 had sales of 57,478 units in 2016, or 24.6% of segment share, putting it in second place for the segment, displacing the Kia K5.

The SUV range includes the QM3, which is derived from the Renault CAPTUR, and the QM6, whose release was the second high point of the year. Launched on September 1, 2016, the QM6's success was even greater than the SM6's, and it exceeded its objectives by 30%. It reached 14,126 sales in those first four months. It should be noted that the QM6 is marketed abroad as the Renault KOLEOS.

Whereas the QM3 is imported from Europe, the other models are manufactured at the Busan plant in South Korea. As an illustration of the synergies within the Alliance, that plant also makes the Nissan Rogue, which it exports to North America. A total of about 140,000 units were shipped in 2016.

1.1.5.2 PERFORMANCES PER REGION

GLOBAL SALES

INTERNATIONALIZATION OF THE GROUP

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
International weighting	30.4	34.6	36.7	33.8	37.4	43.1	50.1	50.5	46.0	42.5	43.3
International sales	740,712	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

ALL BRANDS WORLD MARKET PER REGION – 2016

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

	In volume	As a % of worldwide TAM PC + LCV
TOTAL EUROPE	**17,052,882**	**18.7%**
France	2,245,269	2.7%
G9	14,627,613	16.0%
INTERNATIONAL TOTAL	**74,242,382**	**81.3%**
Africa – Middle East – India	7,894,636	8.65%
Eurasia	2,798,439	3.1%
Americas	5,451,323	6.0%
Asia-Pacific	38,590,150	42.3%
North America	19,507,834	21.4%
TOTAL WORLDWIDE	**91,295,264**	**100.0%**

GROUPE RENAULT SALES WORLDWIDE PER REGION

IN VOLUME OF PC + LCV, INCLUDING DACIA AND RENAULT SAMSUNG MOTORS

	2015	2016
TOTAL EUROPE	**1,614,191**	**1,805,290**
France	607,173	651,778
G9	1,007,018	1,153,512
INTERNATIONAL TOTAL	**1,194,735**	**1,377,335**
Africa – Middle East – India	360,029	491,151
Eurasia	356,216	364,451
Americas	354,072	354,370
Asia-Pacific	124,418	167,363
TOTAL GROUP	**2,808,926**	**3,182,625**

EUROPE REGION SALES

RENAULT BRAND REGISTRATIONS[1]

In volume of PC + LCV

Renault markets	2015	2016
Austria	19,921	22,619
Baltic States	4,045	4,742
Belgium+Luxembourg	64,572	72,880
Croatia	3,681	5,266
Czech Republic	9,912	12,423
Denmark	16,321	19,226
Finland	3,401	5,177
France	507,138	539,667
Germany	130,419	147,637
Greece	2,842	3,137
Greek Cyprus	413	592
Hungary	4,930	6,612
Iceland	790	1,124
Ireland	9,050	11,954
Italy	108,023	137,400
Malta	488	524
Netherlands	42,088	43,719
Norway	3,479	3,917
Other Balkans	2,413	3,749
Poland	26,471	38,088
Portugal	26,780	33,361
Slovakia	3,632	4,728
Slovenia	10,281	10,388
Spain+Canary Islands	100,944	115,729
Sweden	16,234	19,647
Switzerland	18,552	18,184
United Kingdom	102,002	112,080
RENAULT TOTAL	**1,238,822**	**1,388,570**

(1) Excluding sales to governments.

RENAULT MARKET SHARE AND RANKING

As a percentage of TAM PC + LCV

	2015		2016	
Renault markets	Market share	Ranking	Market share	Ranking
Austria	5.8%	5	6.2%	4
Baltic States	6.6%	6	6.8%	4
Belgium+Luxembourg	10.5%	1	10.9%	1
Croatia	8.6%	3	10.0%	3
Czech Republic	4.0%	7	4.5%	7
Denmark	6.8%	4	7.4%	5
Finland	2.8%	15	3.9%	13
France	22.1%	1	22.3%	1
Germany	3.8%	8	4.1%	8
Greece	3.5%	14	3.7%	12
Hungary	5.2%	9	5.6%	7
Iceland	5.1%	8	5.5%	7
Ireland	6.1%	6	6.8%	6
Italy	6.3%	4	6.8%	4
Netherlands	8.3%	2	9.6%	2
Norway	1.9%	18	2.0%	14
Poland	6.5%	6	6.8%	6
Portugal	12.8%	1	13.8%	1
Slovakia	4.3%	9	4.9%	8
Slovenia	15.4%	2	14.1%	2
Spain+Canary Islands	8.5%	2	8.8%	2
Sweden	4.2%	9	4.6%	9
Switzerland	5.2%	6	5.2%	5
United Kingdom	3.4%	11	3.6%	9
RENAULT TOTAL	**7.8%**	**3**	**8.1%**	**2**

EUROPE REGION SALES

DACIA BRAND REGISTRATIONS[1]

In volume of PC + LCV

Dacia markets	2015	2016
Austria	7,725	8,467
Baltic States	1,608	1,851
Belgium+Luxembourg	17,724	19,277
Croatia	2,176	2,462
Czech Republic	11,074	13,075
Denmark	3,461	4,692
Finland	1,421	1,628
France	100,035	112,111
Germany	47,453	50,972
Greece	318	624
Greek Cyprus	66	114
Hungary	4,347	6,274
Iceland	380	663
Ireland	3,812	4,478
Italy	46,838	52,272
Malta	139	161
Netherlands	4,633	4,864
Norway	145	308
Other Balkans	2,885	3,254
Poland	14,903	19,275
Portugal	4,901	5,789
Slovakia	3,444	4,047
Spain+Canary Islands	55,168	54,543
Slovenia	3,008	3,327
Sweden	4,947	5,989
Switzerland	5,594	7,824
United Kingdom	26,267	26,562
DACIA TOTAL	**374,452**	**414,903**

(1) Excluding sales to governments.

DACIA MARKET SHARES

As a percentage of TAM PC + LCV

Dacia markets	2015	2016
Austria	2.3%	2.3%
Baltic States	2.6%	2.7%
Belgium+Luxembourg	2.9%	2.9%
Croatia	5.1%	4.7%
Czech Republic	4.5%	4.7%
Denmark	1.4%	1.8%
Finland	1.2%	1.2%
France	4.4%	4.6%
Germany	1.4%	1.4%
Greece	0.4%	0.7%
Greek Cyprus	0.6%	0.8%
Hungary	4.6%	5.3%
Iceland	2.5%	3.3%
Ireland	2.6%	2.6%
Italy	2.7%	2.6%
Malta	1.8%	2.0%
Netherlands	0.9%	1.1%
Norway	0.1%	0.2%
Other Balkans	7.5%	8.0%
Poland	3.7%	4.1%
Portugal	2.3%	2.4%
Slovakia	4.0%	4.2%
Slovenia	4.5%	4.5%
Spain+Canary Islands	4.6%	4.1%
Sweden	1.3%	1.4%
Switzerland	1.6%	2.2%
United Kingdom	0.9%	0.9%
DACIA TOTAL	**2.3%**	**2.4%**

SALES AFRICA – MIDDLE EAST – INDIA REGION

RENAULT BRAND SALES[1] AND MARKET SHARES

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

	2015		2016	
Renault main markets	Sales	Market share	Sales	Market share
India	53 847	1.7%	132,235	4.0%
Iran	51,500	4.8%	108,536	8.4%
Algeria	49,494	19.5%	42,448	35.6%
Egypt	20,001	3.4%	23,898	11.4%
South Africa+Namibia	20,022	3.4%	18,552	3.5%
Marocco	12,977	9.8%	18,318	11.2%
Saudi Arabia	15,329	1.8%	15,979	2.4%
Israel	11,692	4.5%	13,091	4.5%
Reunion	5,274	19.3%	5,686	19.5%
RENAULT TOTAL	**270,846**	**3.4%**	**414,249**	**5.2%**

DACIA BRAND SALES AND MARKET SHARES

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

	2015		2016	
Dacia main markets	Sales	Market share	Sales	Market share
Marocco	37,392	28.3%	43.408	26.6%
Algeria	40,688	16.1%	18,801	15.8%
Overseas departments	4,865	7.6%	5,331	7.8%
Tunisia	2,521	4.5%	3,956	6.7%
Israel	2,510	1.0%	3,909	1.4%
DACIA TOTAL	**89,180**	**1.1%**	**76 902**	**1.0%**

SALES EURASIA REGION

RENAULT BRAND SALES AND MARKET SHARES

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

	2015		2016	
Renault main markets	Sales	Market share	Sales	Market share
Turkey	117,363	12.1%	121,707	12.4%
Russia	120,411	7.5%	117,227	8.2%
Romania	7,263	6.4%	10,043	7.7%
Belarus	8,071	25.4%	8,420	30.2%
Ukraine	5,176	10.2%	8,036	11.4%
Bulgaria	3,172	10.9%	3,779	11.8%
Kazakhstan	8,235	8.4%	3,772	8.4%
RENAULT TOTAL	**270,251**	**9.1%**	**273,525**	**9.8%**

(1) In volume of Sales+Export Companies.

DACIA BRAND SALES AND MARKET SHARES

In volume and as a % of the TAM PC + LCV[1]

	2015		2016	
Dacia main markets	Sales	Market share	Sales	Market share
Turkey	44,812	4.6%	47,529	4.8%
Romania	36,946	32.7%	38,861	29.6%
Bulgaria	3,679	12.6%	3,914	12.2%
Moldova	528	14.9%	622	15.8%
DACIA TOTAL	**85,965**	**2.9%**	**90,926**	**3.2%**

SALES ASIA-PACIFIC REGION

RENAULT BRAND SALES AND MARKET SHARES

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

	2015		2016	
Renault main markets	Sales	Market share	Sales	Market share
China	23,395*	0.1%	35,278	0.1%
Australia	11,525	1.0%	11,109	1.0%
Japan	5,082	0.1%	5,301	0.1%
Singapore	956	1,2%	806	0.7%
Malaysia	484	0.1%	602	0.1%
RENAULT TOTAL	**43,102**	**0.1%**	**54,885**	**0.1%**

** Figure restated for transition to deliveries in 2016 rather than billing in 2015.*

DACIA BRAND SALES AND MARKET SHARES

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

	2015		2016	
Dacia main markets	Sales	Market share	Sales	Market share
New Caledonia	877	9.6%	904	11.6%
Tahiti	414	10.5%	477	10.6%
DACIA TOTAL	**1,291**	**0.0%**	**1,381**	**0.0%**

RENAULT SAMSUNG MOTORS BRAND SALES AND MARKET SHARES

In volume and as a % of the TAM PC[1]

	2015		2016	
RSM main market	Sales	Market share	Sales	Market share
South Korea	80,017	5.1%	111,087	7.1%
RSM TOTAL	**80,025**	**0.3%**	**111,097**	**0.3%**

(1) RSM is not present in the LCV market.

SALES AMERICAS REGION

By sales volume PC + LCV

Principal markets	2015	2016
Brazil	2,478,704	1,987,497
Mexico	1,350,102	1,603,196
Argentina	626,484	683,210
Chile	282,232	302,627
Colombia	264,544	239,765
Peru	157,000	153,777
TAM AMERICAS	**5,681,712**	**5,451,323**

RENAULT BRAND SALES AND MARKET SHARES

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

	2015		2014	
Renault main markets	Sales	Market share	Sales	Market share
Brazil	181,504	7.3%	149,977	7.5%
Argentina	79,383	12.7%	99,097	14.5%
Colombia	49,244	18.6%	51,049	21.3%
Mexico	24,320	1.8%	29,917	1.9%
Chili	8,687	3.1%	10,137	3.3%
Peru	3,721	2.4%	4,540	3.0%
RENAULT TOTAL	**354,072**	**6.2%**	**354,370**	**6.5%**

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 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_2-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 impact 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_2 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_2 /km in New European Driving Cycle (NEDC). For the past five years, Groupe Renault has featured in the top three highest performing manufacturers in Europe for certified CO_2 emissions and fuel consumption, with average emissions of 109.5g of CO_2 /km at the end of 2016, and diesel or gasoline engines emitting less than 100g of CO_2 /km in NEDC cycle on nine models in its passenger car range.

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 Renault engineering departments.

1.1.5.4 MAIN MANUFACTURING SITES

Renault has about 30 manufacturing sites for its automotive business. Production capacity utilization rates in 2016 were 102% globally and 100% 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).

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

In 2016, 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 far as engines and gearboxes are concerned, the cross use of Alliance plants makes it possible to offer regional localization opportunities for powertrain parts required for each market while keeping investment to the minimum. 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 in Cléon and for Nissan in Pitesti, Seville, Aveiro and Los Andes;
- AVTOVAZ assembles engines and gearboxes for Renault and Nissan.

Production by plant and region

FRANCE	
Batilly	
Renault Master	84,565
Nissan NV400	9,064
Other provisions	39,195
Caudan	
Fonderie de Bretagne	
Iron foundry (in tons)	2,4300
Choisy-le-Roy	
ES engines	20,544
ES transmissions	16,841
ES injection pumps	10,423
Injector holders	84,390
Cylinder head	2,612
Turbocharger	25,728
Rings and springs	12,803,600
Cléon	
Engines	868,556
Transmissions	488,876
Aluminum foundry (in tons)	17,500
Dieppe	
Clio R.S.	4,800
Other provisions	30
Douai	
SCÉNIC III	55,086
ESPACE	26,395
SCÉNIC IV	35,178
TALISMAN	46,341
Flins	
ZOE	25,478
Clio	134,502
Other provisions	565
Le Mans	
Subframes	
Front suspensions	1,236,806
Rear suspensions	1,680,142
Iron foundry (in tons)	124,793
Maubeuge (MCA)	
KANGOO/CITAN	157,761
KANGOO ZE	4,493
Ruitz	
Transmissions	147,146
Sandouville	
Renault TRAFIC	103,531
Nissan NV300	3,918
Other provisions	14,206
Villeurbanne (ACI)	
Front suspensions	305,486
Lower arms	838,095
EXCLUDING FRANCE	
SPAIN	
PALENCIA	
MEGANE III	1,958
MEGANE III Coupé	3,828

Production by plant and region

MÉGANE III Station Wagon	22,036
KADJAR	140,795
MÉGANE IV	124,254
MÉGANE IV Station Wagon	39,510
Seville	
Transmissions	1,074,534
Valladolid	
TWIZY	2,855
CAPTUR	242,915
Valladolid Motores	
Engines	1,558,319
PORTUGAL	
Cacia	
Transmissions	619,564
SLOVENIA	
Novo mesto	
TWINGO / SMART	133,559
Other provisions	146
ALGERIA	
Oran	
LOGAN	35,611
SANDERO	6,425
INDIA	
Chennai	
DUSTER	20,592
SCALA	280
PULSE	2,449
KWID	115,223
LODGY	3,297
IRAN	
Iran Khodro	
LOGAN	37,704
Pars Khodro	
LOGAN	43,244
SANDERO	27,109
ACI Pars	
Front suspensions	102,451
Rear suspensions	104,227
ACI Pars	
MOROCCO	
Casablanca	
LOGAN	55,143
SANDERO	16,685
Tanger	
LODGY	37,105
DOKKER	80,783
SANDERO	155,363
ROMANIA	
LOGAN	77,854
SANDERO	51,778
DUSTER	190,825
Engines	450,496
Transmissions	529,173
Front suspensions	378,964

Production by plant and region	
Idler modules	130,700
Subframes	800,521
Axles	859,087
Aluminum foundry (in tons)	22,734
RUSSIA	
Moscow	
KAPTUR	18,115
Fluence	239
DUSTER/TERRANO	55,735
Togliatti	
LOGAN	28,662
SANDERO	31,119
TURKEY	
Bursa	
MÉGANE GÉNÉRATION	992
FLUENCE	34,435
CLIO	288,845
MÉGANE SEDAN	15,731
Engines	480,735
Transmissions	264,649
Front suspensions	333,440
Rear suspensions	333,440
Subframes	330,312
ASIA – PACIFIC	
CHINA	
Wuhan	
KOLEOS II	7,538
KADJAR	25,450
Busan	
Engines	104,890
QM5/KOLÉOS I	2,281
SM3/FLUENCE	11,281
SM5/LATITUDE/SAFRANE	5,131
SM6/TALISMAN II	60,880
SM7/TALISMAN I	6,791
KOLEOS II	20,906
Nissan Rogue	137,036
AMERICAS	
Cordoba	
CLIO II	29,556
KANGOO I	23,068
FLUENCE	7,791
SANDERO	1,199
LOGAN	649
Curitiba LCV	
MASTER	9,262
Nissan Navarra	3,212
LOGAN	35,546
SANDERO	85,226
CAPTUR LONG	3,884
Other provisions	119
Engines	251,178

Production by plant and region	
CHILE	
Los Andes	
Transmissions	296,206
Cordoba	
CLIO II	3,933
DUSTER	28,811
SANDERO	25,735
LOGAN	19,462
PFA	
Aluminum foundry *(in tons)*	3,795
MEXICO	
CUARNAVACA (Nissan)	
ALASKAN	976

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.

	2016		2015	
Number of Renault sites	Worldwide	O/w Europe	Worldwide	O/w Europe
Primary network	5,403	2,666	5,231	2,652
o/w RRG dealers and branches	*202*	*161*	*181*	*163*
o/w Renault Pro+ specialized dealerships	*647*	*494*	*650*	*492*
Secondary network	6,359	6,049	6,733	6,321
TOTAL SITES	**11,762**	**8,715**	**11,964**	**8,973**

	2016		2015	
Number of Dacia sites	Worldwide	o/w Europe	Worldwide	o/w Europe
Primary network	2,420	2,131	2,338	2,035

1.1.5.6 RENAULT RETAIL GROUP (RRG)

This wholly-owned subsidiary of Renault is the Group's biggest subsidiary by revenues (€9 billion in 2016) and workforce (12,000 employees at December 31, 2016).

Renault Retail Group 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.

Its role is to directly distribute, on a profitable basis, Alliance products and services (Renault, Dacia and Nissan). The product range covers new vehicles, used vehicles and spare parts. It also offers the following services: servicing, powertrains, bodywork, express repairs (Renault Minute and Renault Minute body shops), short-term rental (Renault Rent), financing and brokerage.

RRG is present in 13 countries and is the leading distributor of the Renault and Dacia brands in Europe, with almost one car out of four sold by the RRG network. In France, RRG is also the leading distributor of Groupe Renault, with nearly two out of five cars.

For several years, RRG has developed extensive expertise in selling to businesses, in particular through the Group's dedicated entity, RRG Paris Entreprises. Sales to corporations is a strategic thrust for RRG, and Renault Retail Group Paris Entreprises is a major driver for Renault's leadership in this area.

Another major driver is used vehicles, in which RRG has significantly improved its performance thanks to the development of dedicated structures in this area too, such as the RRG PRO V.O entity for dealers launched in 2015 or the Chilly-Mazarin site dedicated to the sale of used cars to individuals, which opened its doors in June 2016.

At the end of December 2016, RRG became a profitable business.

Renault Retail Group Figures at end-December 2016	Total for 12 European countries	O/w France
New vehicles (units)	326,491	181,659
Used vehicles (units)	190,761	124,853
Total, new + used vehicles (units)	517,252	306,512
Revenues* (€ million)	9,221	5,382

* *From RRG management statements (Ireland non-consolidated).*

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.

The Renault Pro+ network continues to grow in Europe, and its international presence is rapidly increasing to support the growth in sales of light commercial vehicles. A quarter of Pro+ outlets are now located outside Europe, mainly in Argentina, Brazil and Turkey.

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 2016, its net income was €59.9 million (€50.9 million at the end of December 2015) and its total parent company assets amounted to €11,042 million (€10,092 million at the end of December 2015).

1.1.5.8 NISSAN, AVTOVAZ, PARTNERSHIPS AND COLLABORATIVE PROJECTS

NISSAN

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

Nissan's market capitalization at December 31, 2015 was ¥4,961 billion (€40,206 million), based on a closing price of ¥1,175.5 per Nissan share.

Renault holds 43.4% of Nissan's share capital. At December 31, 2015, the market value of the shares held by Renault totaled €17,450 million, based on a conversion rate of ¥123.4 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

Renault strengthened its ties with AVTOVAZ, the leading Russian carmaker, in 2016:

- at end-December 2016, AVTOVAZ carried out a cash capital increase of RUB 26.14 billion, of which RUB 14.85 billion (€231 million) subscribed by Alliance Rostec Auto b.v., which was founded in 2012 by the Renault-Nissan Alliance and the Russian public holding company Rostec;
- under the terms of this transaction, Renault alone participated in a cash capital increase of Alliance Rostec Auto b.v. of RUB 14.85 billion (€231 million), thus increasing its investment in the capital of the joint-venture from 50% minus one share to 73.30%, for a percentage of indirect ownership of 47.35% of the capital of AVTOVAZ;
- following these transactions, the AVTOVAZ group, which was previously consolidated using the equity method, is fully consolidated in the Renault financial statements at end-December 2016;
- on February 10, 2017, AVTOVAZ announced that it was continuing its recapitalization plan with the launch of a capital increase through a debt for equity swap reserved for existing shareholders of the Company.

These new measures will help AVTOVAZ grow while the Company remains fully committed to the implementation of the medium-term plan approved by its shareholders in 2016, which aims to revive growth and profitability. The plan's objectives include market share in Russia of at least 20% (PC), in a market expected to grow after a more than 50% decline since 2012, cost reduction with in particular increased local integration, a revival of exports and the development of new vehicle ranges.

Starting in 2016, AVTOVAZ managed to benefit from the success of its new models with the Lada Vesta, the fourth-most purchased car in Russia, and the Lada X Ray, and has the strongest growth in the Russian market, with market share that increased to 20.1% (+2.2 percentage points from 2015), in a PC market down by 12%.

AVTOVAZ also relied on sales of vehicles to its partners, with the production of six models for the Renault-Nissan Alliance, for nearly a quarter of production, including the Renault LOGAN, Sandero and Stepway, which are produced for Renault on the B0 line common to the three brands and targeted towards the Russian market.

At the same time, sales by AVTOVAZ of components, including engines and gearboxes, to the Renault-Nissan Alliance increased, for incorporation in the Alliance's vehicles manufactured in Togliatti or the Renault plant in Moscow.

Initial exports of kit vehicles (SKDs) also started in 2016 between AVTOVAZ and the Renault plant in Oran, Algeria.

Renault's interest in AVTOVAZ is fully consolidated in Renault financial statements in accordance with the methods described in chapter 4, notes 3, 6 and 13 of the notes to the consolidated financial statements.

PARTNERSHIPS AND COLLABORATIVE PROJECTS

Strategic cooperation between Renault-Nissan Alliance and Daimler AG

See paragraph "Cooperation with Daimler" in chapter 1.2.6.

Supplier relations and support

In view of the current economic conditions, it is crucial for manufacturers and suppliers to collaborate closely in order 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:

- working closely with suppliers from the outset of projects, with the aim of meeting price and quality targets and cutting development times;
- sharing best industrial practices (regular meetings, expert assignments);
- optimizing processes in order to help suppliers cut costs without reducing their margins;
- assisting suppliers to improve quality. Since October 1, 2015, all supplier quality resources within Groupe Renault were organized within a single entity. This change in organization made it possible to set up a key Renault expert for each supplier to reinforce the required level of quality in the field for our suppliers, to ensure optimum monitoring and be more responsive;
- offering suppliers an opportunity to grow with the Group. Renault's manufacturing facilities in other countries and partnerships (Nissan, AVTOVAZ, Daimler) 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. Renault has incorporated CSR criteria into its supplier referencing and selection processes, and regularly evaluates its suppliers' CSR performance. Renault also applies charters on best practices in customer-supplier relations.

To show the Group's appreciation of its suppliers, every year Renault presents Supplier Awards. Awarded regardless of size, country of origin or business segment, these awards are given to suppliers that perform particularly well in any of four priority categories for Renault: quality, innovation, CSR and design. In 2016, twelve suppliers won awards for their outstanding achievements in one of those areas.

- Quality: Bourbon Automotive Plastics, AK-Pres, Componente Auto Topolevni, Hanrim Intech, EDF, Yusen Logistics, Leoni;
- CSR: Arkema, Neptune Lines, CIE Automotive;
- Innovation: Axalta;
- Design: PPG.

Finally, as part of efforts to strengthen supplier relations, in 2011 Renault and Nissan initiated a joint process for selecting preferred partners, known as Alliance Growth Partners (AGP). In 2016, 31 AGP suppliers were recognized for their competitiveness, their ability to support Renault and Nissan in terms of innovation or new product development, and for their willingness to support the international growth of both Alliance partners.

EVs: Bolloré group partnership

This partnership, formalized on September 9, 2014, focuses on three main aspects. Firstly, industrial cooperation, with the assembly of Bluecar EVs (Bolloré group) at the Dieppe plant (Seine Maritime, France). It also includes a joint-venture, Bluealliance, set up in October 2014 to sell complete electric car-sharing solutions in France and Europe. These include the Bluely services in Lyon and Bluecub in Bordeaux, where the TWIZY joined the fleet in spring 2015. Lastly, it involves the completion of a feasibility study, entrusted to Groupe Renault by the Bolloré group, on the design, development and manufacturing by Renault of an electric city car.

The development of the electric vehicle is essential to tackle environmental issues, especially air quality and mobility in towns and cities. The two groups decided to combine their complementary skills. Renault possesses know-how in relation to the design, development and manufacturing of electric vehicles (ZOE, KANGOO, TWIZY). The Bolloré group is positioned as a major player in 100% electric car-sharing.

Connected vehicles

The Renault-Nissan Alliance has acquired the French company Sylpheo, a specialist in software development, 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.

Light commercial vehicles

In the field of light commercial vehicles, Renault has several agreements with General Motors Europe, 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 **compact vans**, Renault TRAFIC and Opel/Vauxhall VIVARO have been produced at the GM Europe plant in Luton (UK) 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 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 GM 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 KANGOO and KANGOO Z.E. at the Renault plant in Maubeuge (France). 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 Pickup, 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.

Accelerating international expansion

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

In China

This year, Renault sold the two first models locally produced in the Wuhan plant, the KADJAR in March and the new KOLEOS in November. These two vehicles are an addition to the range of imported vehicles for Chinese customers. It includes the CAPTUR, which was introduced in June 2015.

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 India

In Chennai, the Alliance built its first joint production site as part of a joint-venture (JV RNAIPL). Production began there in 2010 with the Nissan MICRA; then, in 2011, Renault started the production of the FLUENCE and KOLEOS and, in 2012, of the PULSE, SCALA and DUSTER. In late 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 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 has reached more than 108,044 vehicles in 2016.

Renault primarily works with the X90 platform: the L90 (the LOGAN, badged as the TONDAR in Iran), the U90 pick-up and the B90 (Sandero), which was launched for local production in 2016. Since production began in 2007, a total of 559,063 of those vehicles have been built.

The Iranian business was taken out of the Group's consolidated scope in 2013. That position will be adjusted in line with political and economic developments in relation to Iran.

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 accelerated Groupe Renault's expansion in this country, with 3.0% market share in 2014. South Africa is the biggest market on the African continent, with 591,000 vehicles in 2015. Renault sales in this market have reached 20,022 vehicles (3.4% market share). In a market that fell in 2016 to 522,500 vehicles, Renault sales has reached 18,707 vehicles, for a market share of 3.6%.

In Morocco

Following the launch of production line 1 at the Tangier plant in 2012 and production line 2 in 2013 (the SANDERO II), production at the plant has reached 228,932 vehicles, a new record, after 173,450 vehicles were assembled there in 2014. The SOMACA plant in Casablanca, which began production of the LOGAN II and SANDERO II in 2013, built 59,024 units in 2015, an increase on 2014 (53,331 vehicles). The two Moroccan plants introduced a third shift in September 2015.

For 2016, the production record has been beaten once again, with 273,082 vehicles for Tangier 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 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%).

Two 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 teams, 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 ten vehicles an hour, then in June 2016, a third team 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 now been produced since June 2016. In 2016, 42,008 vehicles were produced during the year and 62,677 have been produced since the plant began production.

In October 2016, the Algerian Government authorized a new extension of the production capacity to 60,000 vehicles annually and the industrial production of a third car. This new 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' ambition is to deliver a seamless vehicle use experience for Renault-Nissan Alliance customers through innovative and personalized solutions. Taking into account each brand's specific characteristics and anticipating the new challenges arising from auto-mobility, we are partners in their marketing policies and work with them to win new customers and build loyalty.

RCI Bank and Services brings together three worlds: the automotive world, banking and services. Every day, across the world, we support the growth of the Renault, Renault Samsung Motors, Dacia, Nissan, Infiniti, and Datsun** brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurance and services. Harnessing the advantages of new technologies, we come up with simple and intuitive solutions to meet the new automotive uses of 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. Our offers concern both new vehicles and second-hand vehicles.

For **Professional** customers, we provide a diverse range of mobility solutions, which 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 €12.6 billion, or approximately 33% of net assets at end-December 2016*.

1.1.6.3 MORE THAN 3,100 EMPLOYEES WORKING ON FIVE CONTINENTS

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

BUSINESS ACTIVITY

With a record number of 1,563,954 contracts financed at the end of December 2016, representing an increase of 12.5% compared to 2015, RCI Banque confirms its profitable growth trajectory while strengthening its strategy of commercial support to the Alliance brands.

This excellent performance is driven by growth in the automotive market, notably in Europe, where the raise in sales of new vehicles is offsetting the drop seen in Brazil and Russia, and by the increase in market share of Alliance brands. Up by 0.6 points compared to 2015, the Group's financing penetration rate stands at 37.7%. Excluding Turkey, Russia and India (companies accounted using the equity method, "EM"), this rate stands at 41.0% against 40.0% at the end of December 2015.

In this environment, new financings (excluding cards and personal loans) increased for all Alliance brands to a volume of €17.9 billion, up 14.9% over one year.

Average performing assets (APA) now stand at €33.3 billion, showing a 16.3% increase compared to 2015. Of this amount, €25.2 billion are directly attributable to the Retail Customer business, which posted a 16% rise.

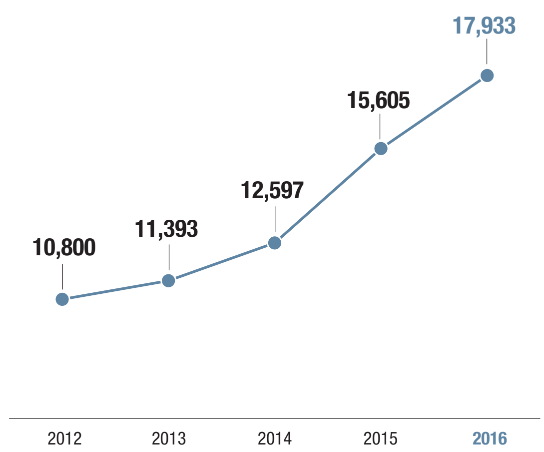
The Services business, a pillar of the RCI Banque group's strategy, helps to promote customer satisfaction and increase loyalty to Alliance brands. It is based on two main lines of action: profitable diversification of the range of products, and international expansion. This business line continued to grow throughout 2016, posting a 19.8% leap in the volume of new contracts to more than 3.4 million units (of which more than 63% in vehicle-related or customer centric services).

* *Net assets at year-end = Total net outstandings + Operational leasing operations net of depreciation, amortization and provisions.*

NEW FINANCING CONTRACTS

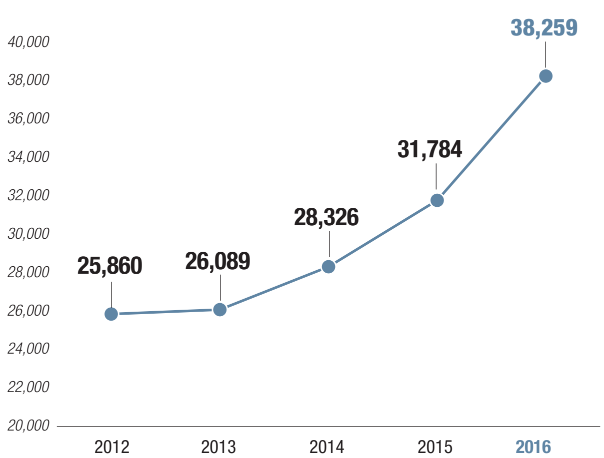
(excluding personal loans and credits cards)

(€ million)



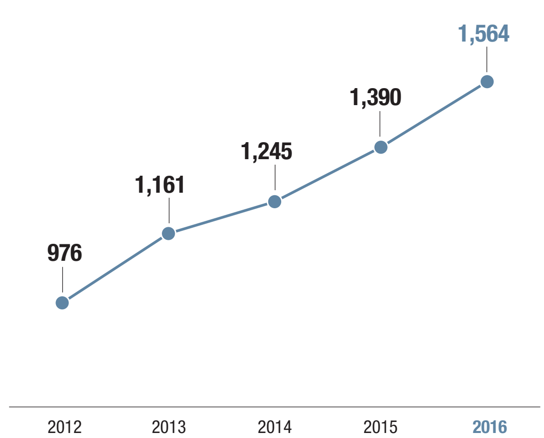
NET ASSETS AT YEAR-END*

(€ million)



TOTAL NUMBER OF VEHICLE FINANCING CONTRACTS

(in thousands)



* *Net assets at year end = Total net outstandings + Operational leasing operations net of depreciation, amortization and provisions*

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.

In the Europe region, the number of new vehicle financing contracts increased by 12.6% over the year. The vehicle financing penetration rate in the region was up by 1.3 point compared to 2015, to reach 41.5%.

In the Asia-Pacific region, more than half of new vehicles sold by Renault Samsung Motors are financed by RCI Banque, which benefits from the strong commercial performance of the manufacturer. The vehicle financing penetration rate stood at 52.3%, a slight fall of 1.0 point.

The Americas region remains affected by the drop in the Brazilian automotive market, which was down by 19.8% compared to 2015. Supported by the commercial performance of Argentina, the vehicle financing penetration rate in the region stayed at a high level of 37.7%, down by 1.3 point compared to end-2015.

The Africa Middle East India region recorded a financing penetration rate of 18.2%, up by 1.8 point compared to the previous year. It should be noted that in India, the roll-out of the Financing activity since 2015 lead to an increase in the financing penetration rate of 5.9 points over the year, to stand at 12.6%.

In the Eurasia region, the financing penetration rate increased by 0.5 point, to 24.7%. In Russia, against the background of a drop in automotive sales, the financing penetration rate improved by 2.9 points, thus returning to its pre-crisis level at 26.9%. In Turkey, the financing penetration rate stood at 22.1%, down by 3.8 points, in a growing automotive market.

EARNINGS

Net banking income (NBI) increased by 8.1% compared with 2015, to €1,472 million. This increase is attributable to the growth in average performing assets (APA) to €33.3 billion (+16.3% compared to 2015) and to the margin on services, which was up 5.3%.

Operating expenses came to €463 million, or 1.39% of APA, an almost 10-basis point decrease compared to 2015. With an operating ratio of 31.4%, 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) remained under control at 0.31% of APA, against 0.33% at end-2015. There was a noticeable improvement in the Customer cost of risk, which dropped from 0.39% to 0.33% of APA at end-2016. The Dealer cost of risk lost a little ground, amounting to 0.21% of APA at end-2016.

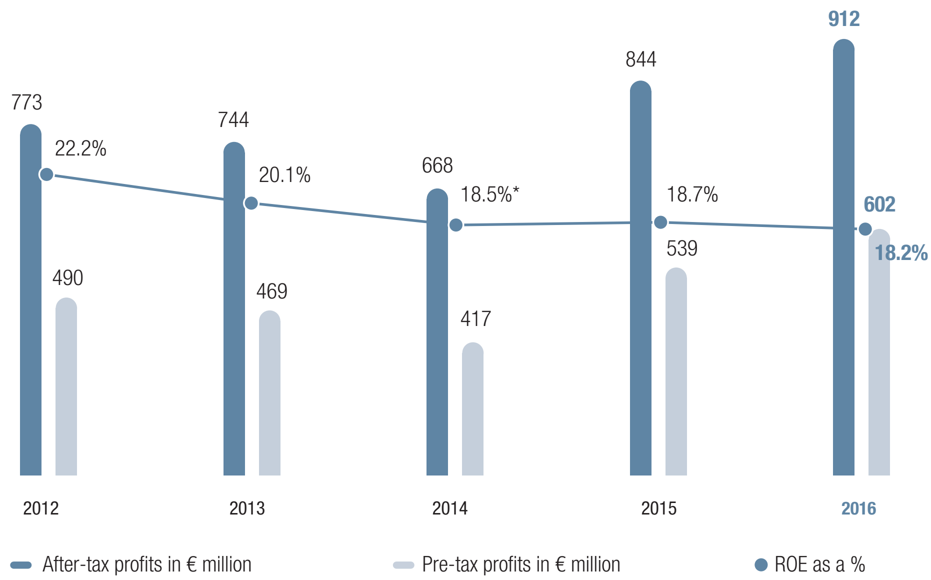
Pre-tax income increased by 8.1% to €912 million, reflecting the group's continuing strong performance. This was achieved in spite of a negative currency effect of -€37.6 million, mainly concentrated on the United Kingdom and the Americas Region.

Consolidated net income – parent company shareholders' share – came to €602 million, against €539 million in 2015.

On the strength of its commercial growth and continued development of services, the RCI Banque group maintains a high level of profitability while continuing to implement a robust risk control plan.

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* to €38.3 billion, against €31.8 billion at end-2015 (+20,4%).

Consolidated equity amounted to €4,060 million against €3,495 million at 31 December 2015 (+16.2%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposits accounts) totaled at €12.6 billion at end-December 2016, against €10.2 billion at end-December 2015, and represented approximately 33% of net assets at end- 2016.

SOLVENCY

The Core Tier One solvency ratio increased to 15.7% at end-2016, against 15.1% at end-2015. The calculation at end-December 2015 includes an adjustment to the methodology used relating to the capital requirement for operational risk. Without the impact of this adjustment, the ratio would have come to 15.6% at end-December 2015.

FINANCIAL POLICY

In 2016, RCI Banque launched five public bond issues for a total amount of €3,350 million. The first three-year issue of €500 million had a floating coupon. The following issues, €600 million with a seven-year maturity, €750 million with a three-year maturity, €750 million with a seven-year maturity and €750 million with a five-year maturity, were fixed rate. The success of the two seven-year issues, a long maturity used for the fi rst time in 2014, helped to diversify the group's investor base and shows investors confi dence in the strength of the company.

At the same time, a number of two to three-year private placements were also executed, for a total of €1.1 billion. RCI Banque also carried out a public securitization transaction backed by German auto loans, of which €500 million were placed with investors. This transaction replaces the one launched in December 2013 that started to amortize since end-2014.

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.

Outside Europe, the Group's entities in Brazil, South Korea, Morocco and Argentina also tapped their domestic bond markets.

Deposits from private customers increased by €2.3 billion over one year and reached €12.6 billion at December 31, representing approximately 33% of net assets at year-end*, in line with the company's goal of collecting retail deposits equivalent to one third of the fi nancing granted to its customers.

These resources, to which are added, within the European scope, €4.1 billion of confirmed undrawn bank credit lines, €2.6 billion of collateral eligible for ECB monetary policy operations, €1.3 billion of high-quality liquid assets (HQLA) and short-term financial assets for a total amount of €0.3 billion, enable RCI Banque to ensure that the loans granted to its customers can be maintained for more than ten months without access to external liquidity.

** Net assets at year end = Total net outstandings + Operational leasing operations net of depreciation, amortization and provisions*

1.1.7 Main group subsidiaries and detailed organization chart(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, 2016: €43,101 million.

Workforce at December 31, 2016: 31,266 persons.

RCI BANQUE SA

14, avenue du Pavé-Neuf
93168 Noisy-le-Grand Cedex (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 2016: €17.98 billion.

Total balance sheet (consolidated) at December 31, 2016: €43,320 million.

Workforce at December 31, 2016: 3,106 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.

47 branches in France.

Revenues at December 31, 2016: €4,856 million.

Workforce at December 31, 2016: 7,065 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, 2016: €8,584 million.

Workforce at December 31, 2016: 13,079 persons.

RENAULT ESPAÑA COMERCIAL SA

Avenida de Burgos, 89 A
28050 Madrid (Spain)

100% owned by Groupe Renault.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2016: €2,280 million.

Workforce at December 31, 2016: 298 persons.

RENAULT DEUTSCHLAND

Renault-Nissan strasse 6-10
50321 Bruhl (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, 2016: €2,757 million.

Workforce at December 31, 2016: 403 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, 2016: €2,685 million.

Workforce at December 31, 2016: 237 persons.

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, 2016: €1,081 million.

Workforce at December 31, 2016: 2,032 persons.

RENAULT FINANCE

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, 2016: €10,331 million.

Workforce at December 31, 2016: 32 persons.

(1) Individual revenue figures are assessed and presented according to the standards used for the preparation of the consolidated financial statements.

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, 2016: €1,844 million.

Workforce at December 31, 2016: 189 persons.

RENAULT BELGIQUE LUXEMBOURG

21, Boulevard de la Plaine
1050 – Brussels (Belgium)

100% owned by Groupe Renault.

Business: Marketing of Renault and Dacia brand vehicles.

Revenues at December 31, 2016: €1,341 million.

Workforce at December 31, 2016: 198 persons.

RENAULT DO BRASIL

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

99.85% owned by Groupe Renault.

Business: manufacturing and marketing of Renault vehicles.

Revenues at December 31, 2016: €2,302 million.

Workforce at December 31, 2016: 5,392 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, 2016: €1,267 million.

Workforce at December 31, 2016: 2,042 persons.

RENAULT SAMSUNG MOTORS

61, Renaultsamsung-daero
618-722, Gangseo-gu, Busan (South Korea)

79.90% owned by Groupe Renault.

Business: manufacturing and marketing of Renault Samsung Motors vehicles.

Plant in Busan.

Revenues at December 31, 2016: €4,836 million.

Workforce at December 31, 2016: 4,313 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, 2016: €756 million.

Workforce at December 31, 2016: 744 persons.

RENAULT 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, 2016: €678 million.

Workforce at December 31, 2016: 627 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, 2016: €2,224 million.

Workforce at December 31, 2016: 6,305 persons.

OYAK-RENAULT OTOMOBIL FABRIKALARI

FSM Mah. Balkan Cd. No. 47 Umraniye BP 34770
81190 Istanbul (Turkey)

51% owned by Groupe Renault.

Business: assembly and manufacturing of Renault vehicles.

Plant in Bursa.

Revenues at December 31, 2016: €3,287 million.

Workforce at December 31, 2016: 6,727 persons.

DACIA

Str. Uzinei nr 1
115400 Mioveni (Romania)

99.43% owned by Renault.

Business: manufacturing and marketing of Renault vehicles.

Plant in Pitesti.

Revenues at December 31, 2016: €4,576 million.

Workforce at December 31, 2016: 13,979 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, 2016: €1,221 million.

Workforce at December 31, 2016: 3,233 persons.

RENAULT INDIA PRIVATE LIMITED

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

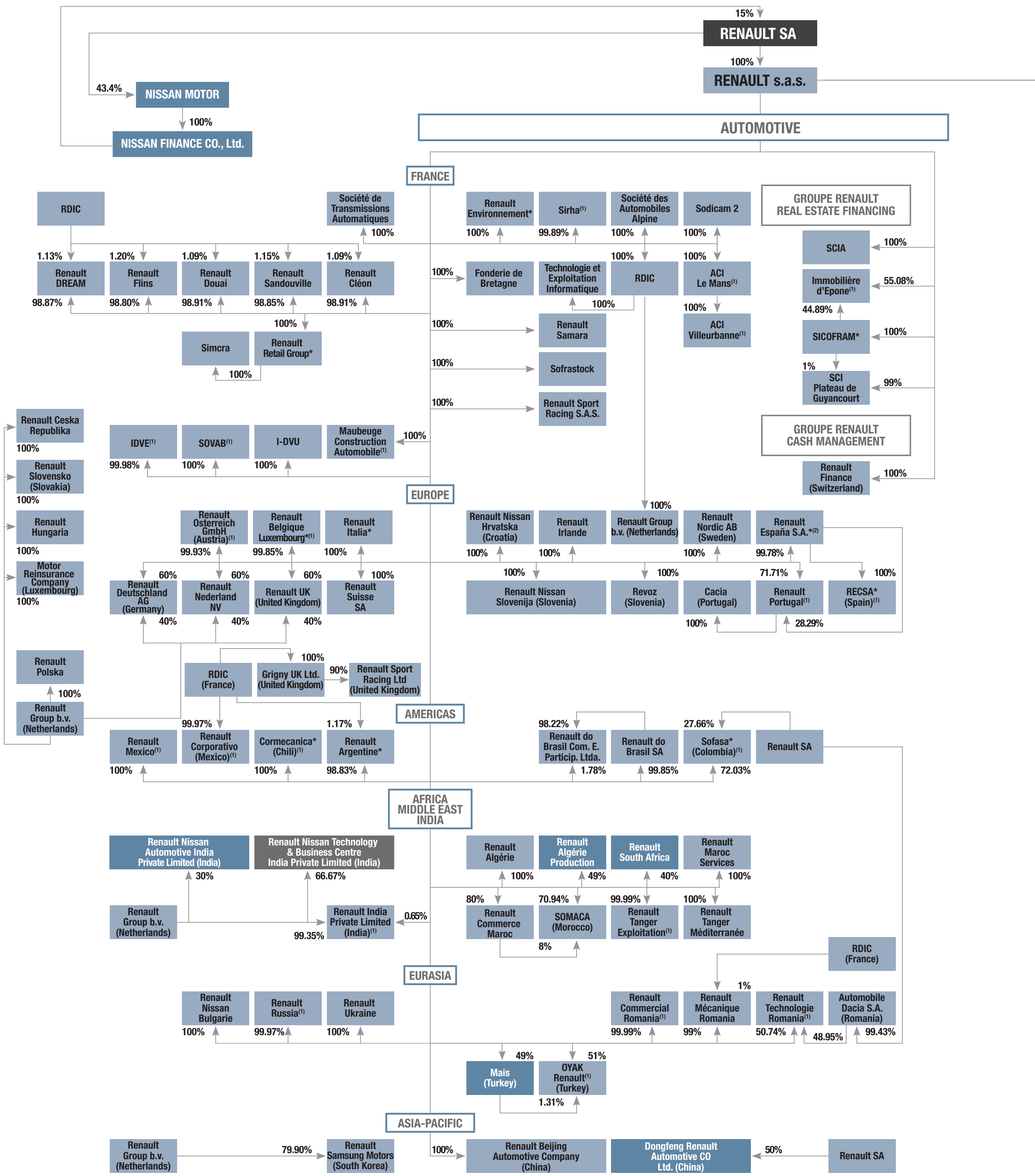
100% owned by Groupe Renault.

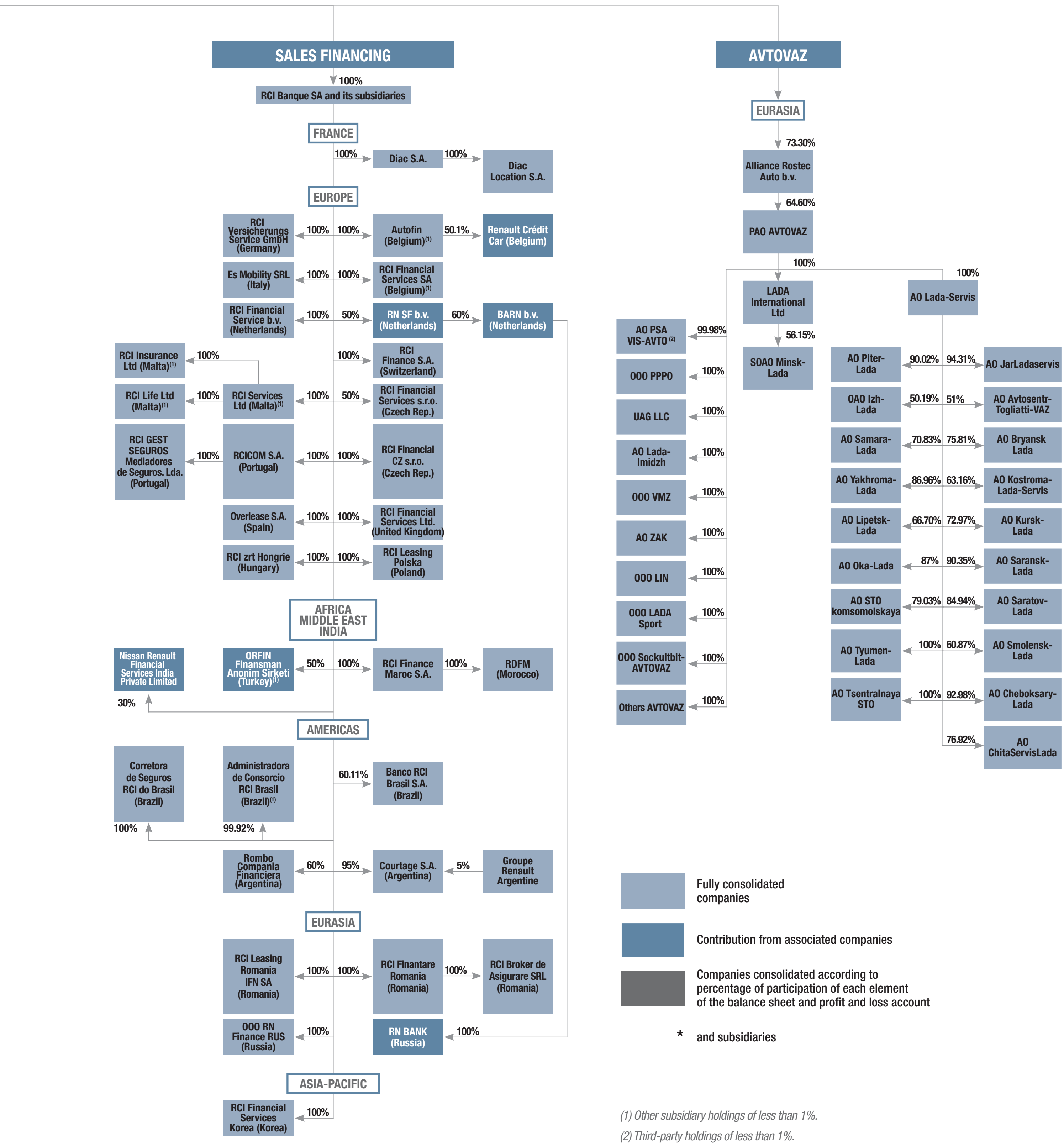
Business: marketing of Renault vehicles.

Revenues at December 31, 2016: €1,047 million.

Workforce at December 31, 2016: 274 persons.

1.1.7.2 DETAILED CONSOLIDATED GROUP ORGANIZATION CHART AT DECEMBER 31, 2016





(1) Other subsidiary holdings of less than 1%.

(2) Third-party holdings of less than 1%.

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.

PRODUCTION
4 CV

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.

in 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.

November 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-standing 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 best-selling 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) solds.
- **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.
- The New TWINGO and the new range of Energy engines are launched. KANGOO Z.E. and FLUENCE Z.E. were put on the market at the end of the year.
- The consequence of the attempted fraud was an overhaul of the Renault corporate governance.

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.
- Renault returned to India, selling a range of vehicles including DUSTER, which is a real success.
- Production of LODGY and DOKKER starts in the Tangiers plant (Morocco).
- In Europe, the range is starting to be renewed with the CLIO 4, and the New SANDERO.
- 11th 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.
- An MOU was signed with the Algerian government to build an assembly plant.
- Debt reduction process was completed in particular with the sale of its remaining shares in AB Volvo.

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 12th time, Renault was world champion of the Formule-1 engine manufacturers, the unveiling of the new Renault Energy F1-2014 electrified Power Unit.
- Introduction of the INITIALE PARIS concept-car which is an example of the successor to the ESPACE.
- A partnership was signed with Indomobil to develop its business in Indonesia, with Dong Feng for the Renault manufacturing plant.

100 %

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.
- **The New TRAFIC and the New MASTER** – in 2014, Renault refreshed its two van models: the New TRAFIC and the New MASTER.
- **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_2 km), EOLAB is a reflection of Renault's constant desire to further reduce the environmental footprint of its vehicles.
- **The New ESPACE** – world preview at the Paris Motor-Show. Renault has reinvented the ESPACE.
- **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.
- **Inauguration of the Oran plant** – This plant manufactures the New Renault SYMBOL.

2015

- 2.8 million units for Groupe Renault in 2015, increasing 3.3% from 2014.
- **Renault announced 1,000 recruitments in France in 2015,** consistent with the "Contract for a new dynamic of growth and social development".
- **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.
- After the DUSTER Oroch, Renault pursues its conquest of the international pick-up market with the revealing of the ALASKAN show truck with a one-tonne payload.
- In a little over ten years, Dacia has won over 3,500,000 customers in Europe and the Mediterranean Region.
- **2015 launches:** New ESPACE, KADJAR, CLIO R.S. 220 EDC Trophy, Limited series Dacia tenth anniversary and KWID
- Renault-Nissan Alliance at COP2, during the event, 200 electric Alliance vehicles transported nearly 8,000 participants and avoided the discharge of 18 tons of CO_2 into the atmosphere.

1.2 The Renault-Nissan Alliance

1.2.1 Overview

1.2.1.1 EIGHTEEN YEARS OF COOPERATION

The Renault-Nissan Alliance is the auto industry's most productive and longest-lasting cross-cultural collaboration. This unique partnership, which celebrated its eighteenth anniversary in March 2017, is a pragmatic, flexible business tool that can expand to accommodate new projects and partners worldwide.

In 2016, the Alliance sold a record 9,961,347 vehicles worldwide. The Alliance captured more than 10% of the global market in 2016, ranking it among the top four car groups worldwide.

1.2.1.2 ORIGINS OF THE ALLIANCE

The Renault-Nissan Alliance was founded on March 27, 1999 when Renault bought a 36.8% stake in Nissan Motor Co., Ltd.

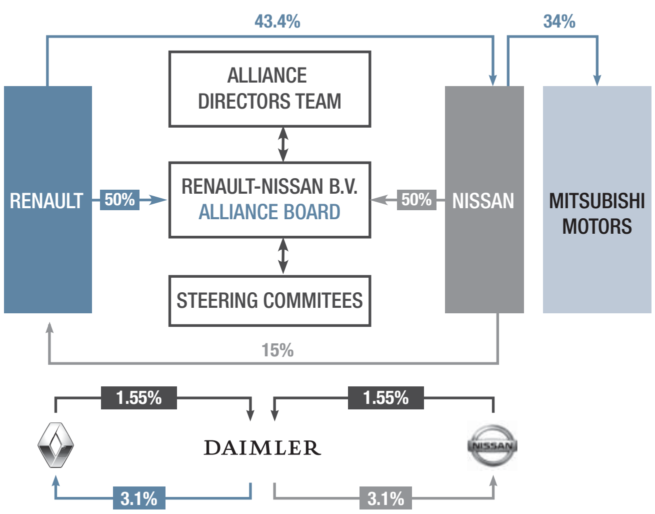
On March 1, 2002, Renault increased its equity stake in Nissan from 36.8% to 44.3%. At the same time, Nissan took a stake in Renault through its wholly-owned subsidiary, Nissan Finance Co., Ltd., which acquired 15% of Renault through two reserved capital increases, on March 29 and May 28, 2002. By acquiring a stake in Renault, Nissan gained a direct interest in its partner's results, as was already the case for Renault with regards to Nissan. Nissan also obtained a second seat on Renault's Board of Directors.

During this phase, the two companies also established Renault-Nissan b.v. (RNBV) and the Alliance Board which was tasked with defining the Alliance's strategy and developing a joint long-term vision.

Since the signing of the strategic cooperation between the Alliance and Daimler AG in April 2010, Renault's stake in Nissan stands at 43.4%, while Nissan's stake in Renault remains unchanged at 15%.

On October 20, 2016 Nissan Motor Co., Ltd. acquired a 34% equity stake in Mitsubishi Motors and became its largest shareholder. With the addition of Mitsubishi Motors, the Alliance is a global force in the industry, with sales of close to 10 million units in year 2016.

Percentage of ownership between Renault and Nissan.



1.2.2 Alliance principles & objectives

1.2.2.1 PRINCIPLES

The Alliance is based on trust, respect and transparency among all partners. It strives for "win-win" solutions that benefit the Alliance partners and their customers. It seeks to maximize economies of scale, while preserving each company's distinct brand identity and corporate culture.

1.2.2.2 OBJECTIVES

The Alliance pursues a strategy of profitable growth with three objectives that are meant to be sustainable over the long-term:

- to rank in the top three automotive groups for quality and value in each region and market segment;
- to rank in the top three automotive groups in key technologies, each partner being a leader in specific fields of excellence;
- to rank in the top three automotive groups for total operating profit.

1.2.3 Structure of the Alliance

1.2.3.1 ALLIANCE GOVERNANCE

Renault-Nissan b.v., based in Amsterdam, the Netherlands, is responsible for the strategic management of the Alliance. The Company, which was founded on March 28, 2002, is equally-owned by Renault SA and Nissan Motor Co., Ltd.

1.2.3.2 THE ALLIANCE BOARD

ROLE OF THE ALLIANCE BOARD

The Alliance Board is the decision-making body for all issues affecting the Alliance's future and meets approximately once a month. The first Alliance Board meeting (ABM) took place on May 29, 2002. The Alliance Board also hosts larger forums for all top executives at both companies.

ALLIANCE BOARD MEMBERS

Since November 2011, the Alliance Board has been led by Carlos Ghosn, its Chairman and CEO. Carlos Ghosn is also Chairman and CEO of Renault and Chairman of Nissan and Chairman of Mitsubishi Motors. In addition to Carlos Ghosn, the Alliance Board includes four senior executives from Renault and four senior executives from Nissan. The Renault executives are: Thierry Bolloré, Executive Vice-President, Chief Competitive Officer; Stefan Mueller, Executive Vice-President, Chief Performance Officer; Bruno Ancelin, Executive Vice-President, Product Planning & Programs; and Mouna Sepehri, Executive Vice-President, Office of the CEO. The Nissan executives are: Hiroto Saikawa[1], Co-Chief Executive Officer; Philippe Klein, Executive Vice-President & Chief Planning Officer; José Muñoz, Chief Performance Officer; Yasuhiro Yamauchi, Chief Competitive Officer.

Other members of Renault and Nissan's Executive Committees attend the Alliance Board.

1.2.3.3 ROLE OF RENAULT-NISSAN B.V.

RNBV decides on the Alliance's medium and long-term strategy. It coordinates joint activities at a global level, allowing for decisions to be made, while respecting the autonomy of each partner and guaranteeing a consensual operating procedure.

RNBV possesses limited powers over both Renault SA and Nissan Motor Co., Ltd. as described in paragraph below 1.2.3.4 "Powers of Renault-Nissan b.v.". Renault SA, headquartered in Boulogne-Billancourt, France, and Nissan Motor Co., Ltd., based in Yokohama, Japan, have separate decision-making bodies. The responsibility for managing their activities lies with their respective Executive Committees, which are accountable to their respective Board of Directors and shareholders.

In addition, RNBV holds the shares of Renault-Nissan Purchasing Organization (RNPO), created in April 2001, and Renault-Nissan Information Services (RNIS), a common information systems company created in July 2002. RNPO was originally equally-owned by Renault and Nissan until its shares were transferred to RNBV in June 2003.

1.2.3.4 POWERS OF RENAULT-NISSAN B.V.

RNBV has limited **decision-making power** with respect to the strategic management of Renault SA and Nissan Motor Co., Ltd. RNBV has some power over decisions that would be difficult for the two companies to make separately, while ensuring that they would be able to pursue global implementation and thus take advantage of economies of scale.

This decision-making power is limited to the following areas:

- adoption of 3-, 5- and 10-year plans (strategic Company projects, with quantified data);
- approval of product plans (parts of strategic projects corresponding to the design, development, manufacturing and sale of current or future products, vehicles and components);
- decisions concerning the commonization of products and powertrains (such as platforms, vehicles, gearboxes, engines and other components);
- financial policy, including:
  - rates of discount 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;
- management of common subsidiaries, and the creation, modification, steering and disbandment of cross-company teams (CCTs) and Functional Task Teams (FTTs). These groups 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 Renault SA and Nissan Motor Co., Ltd.

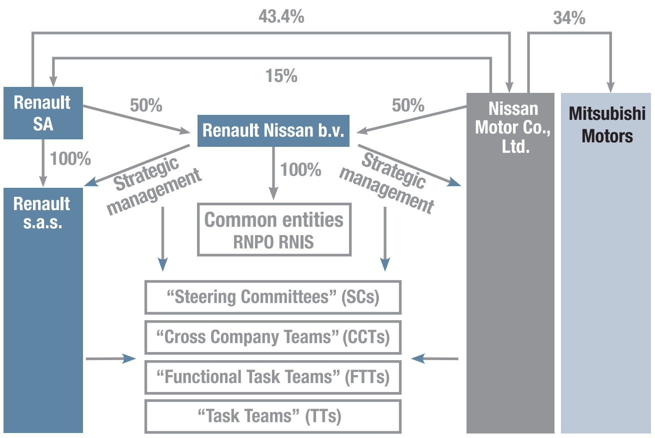
RNBV also has the exclusive **power to make proposals** on a range of decisions to be made by the two operating companies, Renault SA and Nissan Motor Co., Ltd.. The two entities are free to accept or reject these proposals. However, they can implement these decisions only if a proposal has been made by RNBV. The power of initiative of RNBV thus ensures that the two partners harmonize their policies.

The areas covered include:

- creation and scope of joint subsidiaries;
- supplementary financial incentive schemes;
- significant changes in scope, whether geographic or in terms of products, for total amounts of $100 million or more;
- strategic investments, *i.e.* investments other than product-related investments, amounting to $500 million or more and;
- strategic cooperations between Renault SA or Nissan Motor Co., Ltd., and other companies.

(1) As of April 1, 2017, Hiroto Saikawa will become Chief Executive Officer of Nissan Motor Co, Ltd. Carlos Ghosn will remain Chairman of the Board of Directors.

ALLIANCE STRUCTURE



All other aspects relating to Renault SA and Nissan Motor Co., Ltd., whether operational, commercial, financial or labor-related, are managed independently by each company and the corresponding decisions are made independently by the companies' respective governing bodies. The two companies retain autonomy over their own decisions, the identity of their respective brands, their employee-representative bodies and their employees. They are also responsible for their own results.

1.2.3.5 2016 ACTIVITIES

With the support of the dedicated Alliance teams, the Alliance Board ***has formulated strategic recommendations*** focusing on several key directions:

- common Alliance projects and organizations: supporting the Alliance's international growth, RNBV drives the creation of common entities. For example, it expanded its purchasing activities, and in 2016 a new initiative was developed for after-sales to reach independent secondary markets;
- OEM partnerships: RNBV is a driving force for forging new partnerships between the Alliance and other OEMs, including Nissan's acquisition of 34% of the capital in Mitsubishi Motors in 2016. The Alliance operates strategic collaborations with numerous automakers, including Germany's Daimler and China's Dongfeng
- communications: RNBV supports the Alliance activities and businesses through targeted initiatives on high-profile events. In 2016, this included the annual World Economic Forum in Davos, Switzerland. The Alliance communication team promotes messages internally and externally on how Renault, Nissan and other partners work together.

1.2.4 Operational management of the Alliance

The Alliance is a unique partnership of two global companies aimed at generating synergies, while preserving each company's distinct culture, brand identity and management. The goal is to increase synergies and ensure both partners jointly reach critical size.

On April 1, 2014, Renault and Nissan took a new step in the evolution of the Alliance when they decided to converge four key functions: Engineering, Manufacturing Engineering and Supply Chain management, Purchasing and Human Resources. Convergence is aimed at further accelerating synergies, as well as fostering closer ties between management at both companies, which will help deepen efficiency and synergies.

The Alliance continues to look for synergies in other functions, mainly through the cross-company teams (CCTs) and Functional Task Teams (FTTs) set up in 2002 and the dedicated team of Alliance Global managers established in 2009.

1.2.4.1 THE CONVERGENCE PROJECT

THE LATEST STEP IN THE EVOLUTION OF THE ALLIANCE

The convergence of Engineering, Manufacturing Engineering and Supply Chain management, Purchasing and Human Resources is accelerating efficiency and synergies by allowing these functions to make quicker decisions, avoid duplication and pool resources.

Each converged function is headed by one dedicated Alliance Executive Vice-President. They are:

- Tsuyoshi Yamaguchi, Alliance EVP, Alliance Technology Development;
- Jerôme Olive, Alliance EVP, Manufacturing Engineering and Supply Chain management;
- Veronique Sarlat-Depotte, Renault-Nissan Alliance Purchasing Director and Chairman & Managing Director of Renault-Nissan Purchasing Organization (RNPO)
- Marie-Françoise Damesin, Alliance EVP, Alliance Human Resources.

The Alliance EVPs of Engineering, Manufacturing Engineering & Supply Chain, and Purchasing all report directly to the Chief Competitive Officers of both Renault and Nissan, who in turn report directly to the Renault-Nissan Alliance Chairman and CEO Carlos Ghosn. The Alliance EVP of Human Resources reports directly to the CEO.

In April 2014, a new Alliance Management Committee was also established, comprised of the Chief Competitive Officers of each company and the Alliance Executive Vice-Presidents of the four converged functions. The committee is headed by the Renault-Nissan Alliance Chairman and CEO. The Alliance Management Committee meets on a monthly basis to review the progress of the Alliance's convergences and to ensure the achievement of key objectives.

KEY MISSIONS OF THE CONVERGED FUNCTIONS

The converged Engineering function (also called Alliance Technology Development) is accelerating the commonization of parts, powertrains, platforms, and advanced engineering, and optimizing the use of the Alliance's engineering resources. The converged function is also enabling the Alliance to get maximum leverage out of its size. Commonly developed technologies will be available for each company to use on their specific products. Thanks to the convergence, a Research & Advanced Engineering (R&AE) team has been established for strategic Alliance engineering, including electric, autonomous and connected vehicles, as well as low-emission cars.

The newly converged Purchasing function is further strengthening the long history of commonization between Renault and Nissan in this area. Convergence is helping to reinforce global processes for purchasing, methodologies and supplier knowledge, as well as to localize parts procurement.

In Manufacturing, a common industrial strategy has been established. The Alliance has also established an Alliance Production Way and Industrial Performance teams. These are helping the Alliance optimize the cross-production of cars at Renault and Nissan plants and therefore optimizing the use of manufacturing capacities. For example: the Nissan ROGUE at the Renault Busan plant in Korea, the Renault DUSTER and KWID at the Alliance Chennai plant in India, and the next-generation Nissan MICRA in Renault's Flins plant in France.

The creation of a Supply Chain management function has enabled Renault and Nissan to bring together their Supply Chain and Logistics functions, helping boost cross-production between the companies.

Convergence in Human Resources aims to provide the best HR practices and to generate synergies from the development of talent and promotion of diversity; management of workforce allocation and development of competencies and by enhancing employees' engagement and empowerment, as well as an Alliance mindset. Key milestones include the convergence of HR support functions, common talent management and staff exchange plans and a common development program for top executives and regional Alliance HR heads in India and China.

1.2.4.2 OPERATIONAL ALLIANCE TEAMS AND COMMITTEES

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

Dedicated Alliance Global managers within RNBV are also responsible for accelerating synergies and best-practice sharing in other areas. This team has been in place since 2009. Today the Alliance Global managers are focused on the following areas:

1. Alliance A-segment Development;
2. Alliance IS/IT;
3. Alliance Finance;
4. Alliance Communications;
5. Alliance Economic Advisor;
6. Alliance cooperation with Daimler group;
7. Alliance Customs and Trade;
8. Alliance Product Planning;
9. Alliance After-sales New Business Development.

The Alliance Global managers report to the head of the Alliance CEO Office & RNBV, who reports directly to the Renault-Nissan Alliance Chairman and CEO.

STEERING COMMITTEES

The steering committees are tasked with defining the Alliance's cross-functional strategic operational priorities, submitting topics to the Alliance Board meeting that may be given priority status in the agenda and coordinating the activities of the cross-company teams (CCTs) and Functional Task Teams (FTTs) that fall within the scope of the steering committees. They take operational decisions that are not within the scope of the CCTs, report on progress to the Alliance Board meeting and, wherever necessary, seek arbitration on and/or confirmation for decisions.

Today, there are 12 steering committees, each focusing on a different field that supports the CCTs and FTTs in the implementation of Alliance projects.

1.	Chief Competitive Officer	7.	Asia-Pacific (excl. China)
2.	Planning	8.	AMI (Africa, Middle East & India)
3.	Sales & Marketing	9.	Americas
4.	After-sales	10.	Europe
5.	Communications	11.	Russia
6.	China	12.	Finance

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

CROSS-COMPANY TEAMS

Cross-company teams are working groups of staff and experts from both companies who explore possible areas of further cooperation. They define projects and then monitor implementation of projects approved by the Board. The CCTs are headed by two co-leaders, one from Renault and one from Nissan.

Today, there are 12 CCTs working on the following areas:

1.	Product Planning	7.	Korea
2.	Light commercial vehicle	8.	Africa
3.	Vehicle Information Technology	9.	Joint Market Research
4.	Vehicle engineering	10.	India
5.	Parts & Accessories	11.	ASEAN (Association of Southeast Asian Nations)
6.	Corporate Sales	12.	Middle East

FUNCTIONAL TASK TEAMS

The Functional Task Teams are made up of experts from both Renault and Nissan and provide the CCTs with essential support in terms of benchmarking, the promotion of best practices and the harmonization of tools used in the support functions.

There are 15 FTTs that cover the following key areas:

1. Corporate Planning Strategy & Business Development
2. Product Engineering Performance
3. Quality
4. Cost Management & Control
5. Global tax
6. Joint Media Buying
7. Joint Events & Motor-Shows
8. Joint Agencies
9. Marketing Organization
10. Sales Expansion
11. Customer Experience
12. Service Engineering
13. Legal & Intellectual Property
14. Alliance Motorsport
15. Communications

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

One key way to measure the benefit of the cooperation between Renault and Nissan is through synergies. Synergies are cost reductions, cost avoidance and revenue increases. Only new synergies – not cumulative synergies – are taken into account each year. The related synergies are an additional opportunity for each company. Thanks to the April 2014 convergence of four key functions – Engineering, Manufacturing Engineering & Supply Chain management, Purchasing and Human Resources – the Renault-Nissan Alliance expects synergies to accelerate further. By 2018, the Alliance aims to generate €5.5 billion in annualized synergies, up from €1.5 billion in 2009 when it first began recording synergies.

The Alliance synergies are reported by the pilots of the cross-company teams and reviewed by the Cost Controllers. The impact on Renault and Nissan's profit and loss statements (P&L) is reported in the Alliance Board meetings.

1.2.5.1 STATUS OF SYNERGIES

In 2018, the Alliance expects to have generated at least €5.5 billion in synergies.

In 2015, the Renault-Nissan Alliance posted record synergies of € 4.3 billion, one year earlier than anticipated, up from € 3.8 billion in the previous year. Purchasing, Engineering and Manufacturing were the top contributors to synergies

Common Module Family (CMF) and cross-production continue to reduce costs, while the development of technologies, including vehicle connectivity, is expected to generate major savings moving forward. CMF is the Alliance's unique system of modular architecture and an increasing source of synergies.

RENAULT-NISSAN PURCHASING ORGANIZATION (RNPO)

The Alliance has been able to make substantial cost savings by pursuing a joint purchasing strategy and building a network of common suppliers. The Renault-Nissan Purchasing Organization (RNPO), established in April 2001, was the first joint-venture company set up between Renault and Nissan and has historically been the biggest contributor to Alliance synergies.

RNPO initially managed about 30% of Renault's and Nissan's global annual purchasing turnover. In 2009, this expanded to 100% of all purchases across the Alliance. The geographical scope of RNPO was also extended to all Regions where Renault and Nissan have production activities in an effort to respond to worldwide needs. Since April 2014, the scale and power of RNPO has increased due to the convergence of the key functions and as more and more vehicles are jointly developed on the CMF architecture. All purchasing activities now fall under the scope of RNPO, including all projects in the Regions and at a global level, to ensure consistency across programs. Today, there are five purchasing Regions: Europe, South America, North America, Asia and Russia. Purchasing in Russia is led by AVTOVAZ-Renault-Nissan Purchasing Organization (ARNPO), which was created in January 2015, and is in charge of all purchasing by the three partners in that market.

ALLIANCE TECHNOLOGY DEVELOPMENT

The sharing of platforms and, more significantly, the sharing of major components generates remarkable synergies.

The main objective of the converged Engineering function, called Alliance Technology Development, is to position the Alliance as a global leader in auto-related technology innovation, particularly in the field of connected cars, electric vehicles and autonomous driving. Another key priority is to increase the platform and parts commonality ratio between Renault and Nissan to strengthen the Alliance's cost leadership and generate increased economies of scales.

In 2014, Takao Asami was appointed Alliance Global Vice President, Research and Advanced Engineering. He plays an important role, developing in particular the business research and technology strategy to ensure the Alliance's future competitiveness. He focuses specifically on the development of technologies relating to autonomous vehicles.

In 2016, the Alliance hired technology executive Ogi Redzic to lead the global car group's connected car initiative as Alliance Senior Vice-President, Connected Vehicles and Mobility Services. With this new common entity, the Alliance aims to provide the latest technology on mass market vehicles at affordable prices. The Alliance is accelerating the expansion of its connected and mobility services by acquiring the talent to help build in-house software development capabilities and by partnering with best-in-class technology companies.

COMMON MODULE FAMILY (CMF)

Alliance Technology Development is expanding the Alliance's Common Module Family (CMF) approach across all vehicle segments. This unique modular system of architecture allows Renault and Nissan to build a wide range of vehicles from a smaller pool of parts, resulting in more savings and greater value for customers.

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

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%.

CMF covers three key vehicle segments, and will also be applied for electrified vehicles:

- CMF-A: small, fuel-efficient vehicles for high-growth markets;
- CMF-B: mid-sized vehicles; and
- CMF-C/D: larger vehicles, including many Renault and Nissan SUVs and crossovers.

In November 2013, Nissan began selling its first vehicle on CMF in the United States; the new ROGUE sports utility vehicle is built on CMF-C/D. The following month, Nissan began selling the X-Trail crossover SUV in Japan, also based on CMF-C/D. In February 2014, Nissan began selling the new Qashqai crossover in Europe.

In April 2015, Renault released its first CMF model, the New ESPACE crossover, also built on CMF-C/D architecture. In 2015, it unveiled the KADJAR and TALISMAN, and in 2016 MEGANE and SCENIC also based on CMF-C/D.

In autumn 2015, the Alliance released its first CMF-A vehicle, the Renault KWID, built at the Renault-Nissan Alliance plant in Chennai, India. Nissan released its Datsun CMF-A vehicle for India in 2016.

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. By 2020, CMF is expected to cover 70% of Renault and Nissan volume.

RESEARCH AND ADVANCED ENGINEERING

In April 2014, the Alliance created the Research & Advanced Engineering division so Renault and Nissan could cooperate in strategic fields of research and advanced engineering.

The goal is to reduce the development cost of expensive, next-generation technologies and position the Alliance among the top three automotive groups in key technologies.

Alliance technology leadership is built on three key strategic focuses: zero emission vehicles, connected cars and services, and autonomous drive vehicles.

The Alliance is the leader in zero emission mobility, having sold nearly 425,000 electric vehicles globally by end-December 2016.

To maintain this leadership, the Alliance has built a common zero emission vehicles strategy and roadmap.

Renault is leveraging the strength of the Renault-Nissan Alliance which aims to develop connectivity technologies and features to contribute to supporting the launch of more than 10 vehicles with autonomous driving technology within the Alliance by 2020 with services to maximize better use of newly found in-car free time.

Renault-Nissan conducts research and advanced engineering in multiple facilities worldwide, including Nissan's technical centers in Atsugi, Japan, and Farmington Hills, Michigan; Renault's technical center in Guyancourt, France; and the Renault-Nissan Alliance's research office in Silicon Valley, California, which was established in 2011. In addition Renault is taking an innovative approach with the creation of a cross-functional task-team located at CEA (AD Campus at Saclay location) and with the contribution of Renault Open innovation labs around the world, including recently opened Tel Aviv Lab.

MANUFACTURING

Renault and Nissan have actively exchanged know-how in the area of production performance management since 1999. Both companies' manufacturing systems – Renault Production System (SPR) and Nissan production way (NPW) – are now fully aligned under the Alliance Production Way (APW), allowing shop managers to benchmark 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) to evaluate their performance against each other. New challenges related to environmental targets (*eg.* 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 end-2016.

REGIONAL HIGHLIGHTS

China

In December 2013, Renault and China's Dongfeng Motor signed an agreement for the creation of a joint-venture for the production of Renault vehicles in China. Construction of the joint-venture plant in Wuhan is completed and to the plant is officially open. The joint-venture has benefitted from the Nissan's ten-year's experience in China in several areas, including construction, supplier selection and employee training. The KADJAR crossover, the first Renault vehicle to be built in China, is built on the Alliance CMF C/D architecture as well as the new KOLEOS.

India

India is another key pillar of the Alliance's strategic focus on new growth markets. The Chennai plant, inaugurated in 2010, was the first dedicated Alliance plant in the world and is home to the largest platform-sharing project in the Alliance.

In 2015, the plant began producing the Renault KWID for the Indian market. The compact hatchback is the first vehicle built on the Alliance's CMF-A architecture, which covers the smallest and most affordable category of cars in the Alliance Common Module Family. In addition to the KWID, the plant produces the following Renault vehicles: the new compact PULSE, the DUSTER Compact SUV, the LODGY MPV, the SCALA premium sedan. The plant also produces Nissan vehicles, as well as the Datsun Go and GO+ and redi-GO, which is based on the same CMF-A architecture as KWID.

South Korea

In September 2014, Renault Samsung Motor's plant (RSM) in Busan, Korea, began shipments of Nissan ROGUE vehicles to North America to meet stronger-than-expected customer demand for the successful crossover in that market. The Busan plant's annual production target was 80,000 ROGUEs over a period of five years. In 2016, that figure rose to more than 100,000 units, helping to accelerate RSM's goals.

Argentina

In 2015, the Alliance announced that Nissan and Renault have begun developing a 1-ton pick-up truck for Renault which will share some common architecture with the Nissan NP300 1-ton pick-up truck. The truck, which will have a distinctive Renault design, is Renault's first 1-ton pick-up truck and production has begun in 2016 at Nissan's plant in Cuernavaca, Mexico. The 1-ton pick-up will mark Renault's second entry into the pick-up segment after the launch of a half-ton pick-up later this year. Nissan will also build a Mercedes-Benz 1-ton pick-up truck , based on NP300, in the Renault plant in Cordoba, Argentina, along with the Nissan NP300 and the Renault 1-ton truck, for Latin America. The three trucks will also be built in the Nissan plant in Barcelona, Spain, for other markets, excluding North America.

SUPPLY CHAIN MANAGEMENT & LOGISTICS

Since April 2014 and Renault-Nissan convergence of Manufacturing Engineering & Supply Chain management, the Alliance Supply Chain management division is overseeing all Supply Chain and Logistics teams worldwide under one Alliance Global Vice-President.

Combining operations under the Alliance umbrella enables each company to benefit from each other's best practices, delivering huge economies of scale and addressing new projects with common solutions.

Here are some specific examples of common logistics & supply chain activities:

- shared outbound / inbound operations to reduce complexity: For example, UK deliveries for all Renault, Dacia, Nissan and Infiniti vehicles are managed by the Alliance Logistics Team based in UK. Nissan parts domestic flows in Spain are operated by Renault;
- Renault-Nissan has standardized packaging for each region, creating a common approach to containers and other packaging from design to vehicle shipping. On inbound parts supply in Europe, standardized packaging increased the truck filling ratio to more than 70%;
- Renault and Nissan have been working together for five years to coordinate all shipping processes on a global scale. This has shortened maritime routes and increased the filling ratio on cargo ships, leading to significant cost reduction and faster time to market;
- Since 2016, Nissan China logistics facility is exporting parts for Renault Samsung plant in Korea.

In addition, the convergence of Renault and Nissan's supply chain processes is accelerating as the companies increasingly cross produce at each other's plants. As an example, Renault Alaskan for Colombia is produced in the Nissan Mexico plant and start of production of the New Micra has begun in 2017 in Renault's in Flins plant, France.

IS/IT

Renault-Nissan Information Services (RNIS) was established in July 2002 to control common IS/IT activities. The common scope includes planning, architecture and control functions, as well as joint purchasing and best-practice sharing.

Since June 2009, under the management of the RNBV IS Managing Director and common Chief Information Officer, Renault and Nissan collaborate on architecture (standardization of operating systems and software packages, common solutions), IT planning and synergies (delivery of an Alliance standard workstation, common sourcing for infrastructure operations in Europe), project management and IS synergies (portfolio optimization, common applications, offshore application, development and maintenance, and development tools standardization).

QUALITY

The Alliance Quality Charter defines the joint quality directives and procedures; it is applied to all Alliance projects.

The Charter covers all the key quality processes: customer quality surveys, Group quality targets, quality control in the development of new models, production quality assurance, quality assurance of outsourced components, service quality assurance (sales and after-sales), quality of technical progress, and warranty policy and procedures.

The Charter brings Renault and Nissan closer together through the use of common quality tools, such as:

- Alliance Vehicle Evaluation System (AVES), the only common and unique method for both Renault and Nissan to evaluate the quality of their final products, as well as those of their competitors, from the customer's point of view;
- Alliance New Product Quality Procedure (ANPQP), a quality measurement system developed for suppliers, which has been extended to all new projects. ANPQP was developed to define the Renault and Nissan requirements for suppliers from the initial project planning phase, through the start of production to the end of product life;
- Alliance Supplier Evaluation Standard (ASES), a standard to evaluate the level of the quality management system of suppliers in terms of results and processes and to define the parts per million (PPM) targets for parts manufactured outside the Group.

The Coordination Team studies best practices at Renault and Nissan in order to improve quality at both companies and to help them achieve their mid-term quality targets. The best practices are sourced from all over the world (Japan, Europe, United States, South America, India…) and are implemented by both companies, if necessary.

In April 2016, two Alliance Quality teams were constituted, in charge of moving to single audits, processes, project Quality assurance, Quality targets, and customer satisfaction surveys.

1.2.5.2 NON-TRADITIONAL AREAS OF SYNERGIES

The Alliance is also increasingly benefitting from synergies in non-traditional areas, such as sales and marketing.

JOINT FLEET CONTRACT

Thanks to the Alliance's wide product line-up and global sales footprint, Renault and Nissan are able to sign exclusive fleet contracts with major corporate clients.

The Alliance has signed numerous fleet contracts with corporate clients around the world including food company Danone, IT Atos group and pharmaceutical Merck group.

MOTORSHOWS

Since 2012, a dedicated Alliance team has been responsible for motor-shows around the world for six of the Alliance's brands – Renault, Nissan, Infiniti, Dacia, Datsun and Renault Samsung Motors. The creation of the Alliance motor-show team allows the Alliance to have a common strategic approach to motor-shows and common strategic tools, while at the same time reducing costs.

1.2.6 Strategic cooperations

The Renault-Nissan Alliance has developed a core competence in managing partnerships to increase economies of scale, to help accelerate growth in new regions and to fund Research and Development of next-generation powertrains and vehicles. In fact, partners and potential partners specifically seek out Renault-Nissan for its demonstrated ability to keep collaborations expanding through multiple business cycles.

Today the Alliance operates strategic collaborations with numerous automakers, including Germany's Daimler and China's Dongfeng Motor.

The Alliance's biggest strategic collaboration by far is with premium carmaker Daimler AG. The partnership began in April 2010. This strategic cooperation is strengthened by cross-shareholdings, with Daimler holding a 3.1% share in both Renault and Nissan and Renault and Nissan each holding a 1.55% share in Daimler.

The partnership is managed by a Cooperation Committee co-chaired by Carlos Ghosn and Daimler CEO 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. The cooperation is managed for the Alliance by RNBV. No specific area of potential collaboration that is considered "off limits." 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 to move forward, then the project is greenlighted and announced externally with a clear timetable and division of labor. When appropriate, projects are terminated at the feasibility study stage and the teams move onto new opportunities.

Cooperation between the two companies has expanded significantly since they joined forces in 2010 and has also become more global in scope. In 2010, the companies began collaborating on three projects, mostly within Europe.

Today, the Alliance and Daimler count 13 major projects on three continents. The key projects involving Renault in the portfolio so far include:

- the Daimler CITAN city van, released in September 2012. The VAN is based on the Renault KANGOO and produced in Renault's plant in Maubeuge, France, where Renault also produces its KANGOO light commercial vehicle. The CITAN also features a jointly developed Renault-Daimler four-cylinder, 1.5-liter diesel engine. A variant of this engine also powers the new Mercedes-Benz A-and B-Class models released in 2012 and was also launched in the GLA and CLA;
- Renault TWINGO and Mercedes-Benz SMART based on a common Renault-Daimler platform. Although the New TWINGO and SMART fortwo and forfour, which were released in the second half of 2014, are built on a common platform they remain independent products with an unmistakable

brand identity. The New TWINGO and the SMART forfour are produced in Renault Novo Mesto plant, Slovenia. Meanwhile, the SMART fortwo is produced at Daimlers Hambach plant in France; in 2017, SMART will also launch an electric version of its 2 and 4-seater. The new electric engines are being built at the Renault plant in Cléon. The battery of the new SMART electric drive will be produced by the Daimler subsidiary, “Deutsche ACCUmotive,” in Kamenz, Germany;

- Renault, Nissan and Daimler are jointly developing a new direct-injection turbocharged small gasoline engine family (1 l and 1,3 l). 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 will debut in Daimler, Renault and Nissan vehicles in late 2017;
- the Mercedes-Benz 1-ton pick-up truck which shares its architecture with the Nissan NP300 NAVARA and the Renault ALASKAN, will be built by Nissan in the Renault plant in Cordoba, Argentina before the end of the decade;
- Development of the Q30 and QX30, new premium compact vehicles for Infiniti, based on Daimler architecture, for which production began in November 2015 at the Nissan plant in Sunderland, UK. Production of the Q30 began in 2015 and the QX30 in early 2016.

1.2.7 Alliance sales performance & financial indicators

1.2.7.1 ALLIANCE 2016 SALES

The Renault-Nissan Alliance saw significant growth in 2016, with 9.96 million vehicles sold worldwide. The automotive group also strengthened its leadership in the zero-emission vehicle market, with total sales of nearly 425,000 electric cars since the launch of the Nissan LEAF in 2010, followed by the Renault ZOE.

The Alliance figures include sales by Mitsubishi Motors, or 934,013 vehicles worldwide. Mitsubishi Motors joined the Alliance last autumn, when Nissan acquired a 34% stake in this company.

“The convergence of Groupe Renault, Nissan Motor and Mitsubishi Motors has created a new force in the automotive segment,” declared Carlos Ghosn, Chairman and Chief Executive Officer of the Alliance. “The strength of this innovative partnership, which began 18 years ago, has enabled us to improve our competitiveness, accelerate our growth and to join the race to design the vehicle of the future.”

Alliance brands sold nearly one in every nine vehicles worldwide last year.

Groupe Renault posted sales up 13.3% with 3,182,625 units sold in 2016, the final year of the Drive the Change plan, representing the fourth consecutive year of growth with a record increase of 374,000 vehicles compared to 2015.

The Renault and Dacia brands both recorded record sales volumes. Sales of Renault Samsung Motors vehicles soared by 38.8%. Like sales volumes, market share increased in all regions of the world and the Renault brand became the number two brand in Europe.

Nissan Motor Co. Ltd. also broke records, with 5,559,902 cars and light commercial vehicles sold worldwide, an increase of 2.5%. In the United States and China, the company saw sales increase by 5.4% and 8.4% respectively, setting new records in both these markets. Infiniti sold more than 230,000 units in 2016, up 7% compared to the previous year. In December, Infiniti sold 27,200 vehicles, an increase of 18% compared to the previous year.

Mitsubishi Motors sold 934,013 vehicles worldwide, down 13%. Sales rose in the United States and Australia, but this increase was offset by a drop in registrations in Brazil, Russia and the Middle East. Sales in Japan were also affected by falling consumer confidence following questions raised about fuel consumption.

Sales by **AVTOVAZ**, which markets its vehicles under the Lada brand, reached 284,807 units. The Renault-Nissan Alliance and AVTOVAZ combined sell around one in three cars in Russia.

ZERO EMISSION HIGHLIGHTS

The Renault-Nissan Alliance, with Mitsubishi Motors, cumulatively sold 424,797 electric vehicles through 2016, making it the undisputed leader in zero emission mobility.

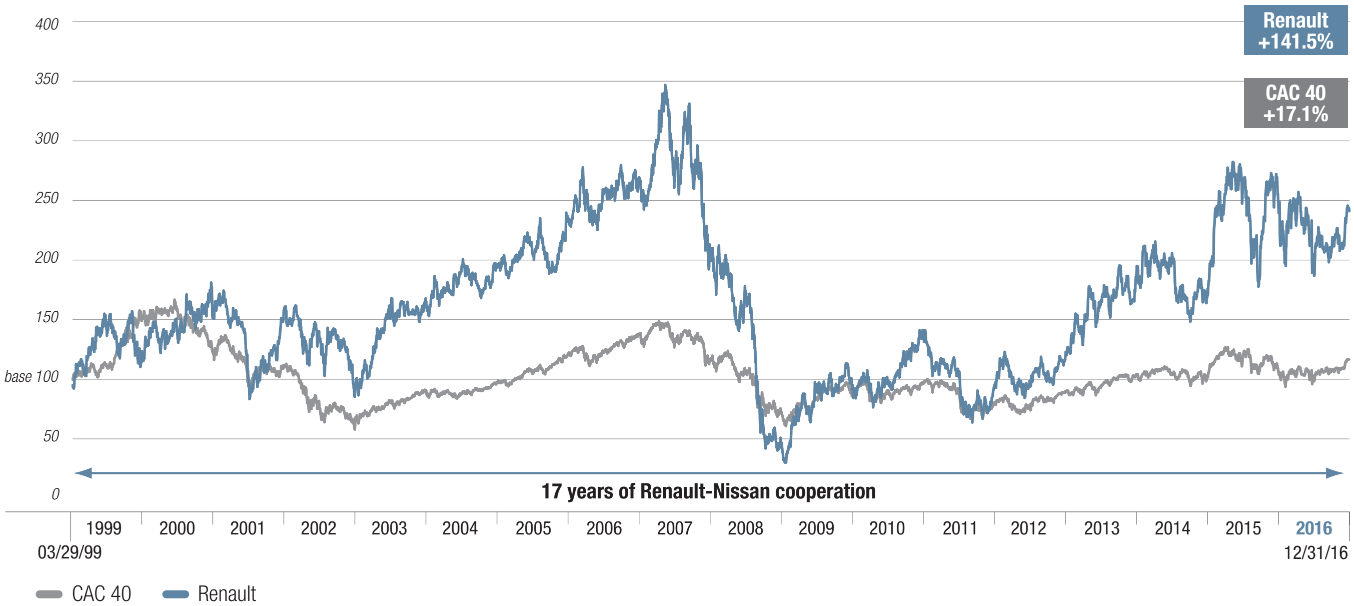
TOP 10 ALLIANCE MARKETS

Country	Total sales	Market share
USA	1,660,690	9.47%
China	1,472,588	5.48%
France	738,344	30.52%
Japan	625,409	12.58%
Russia*	494,073	34.64%
Mexico	449,406	28.02%
UK	336,533	10.96%
Germany	319,739	8.89%
Italy	262,167	12.99%
Spain	247,661	18.71%

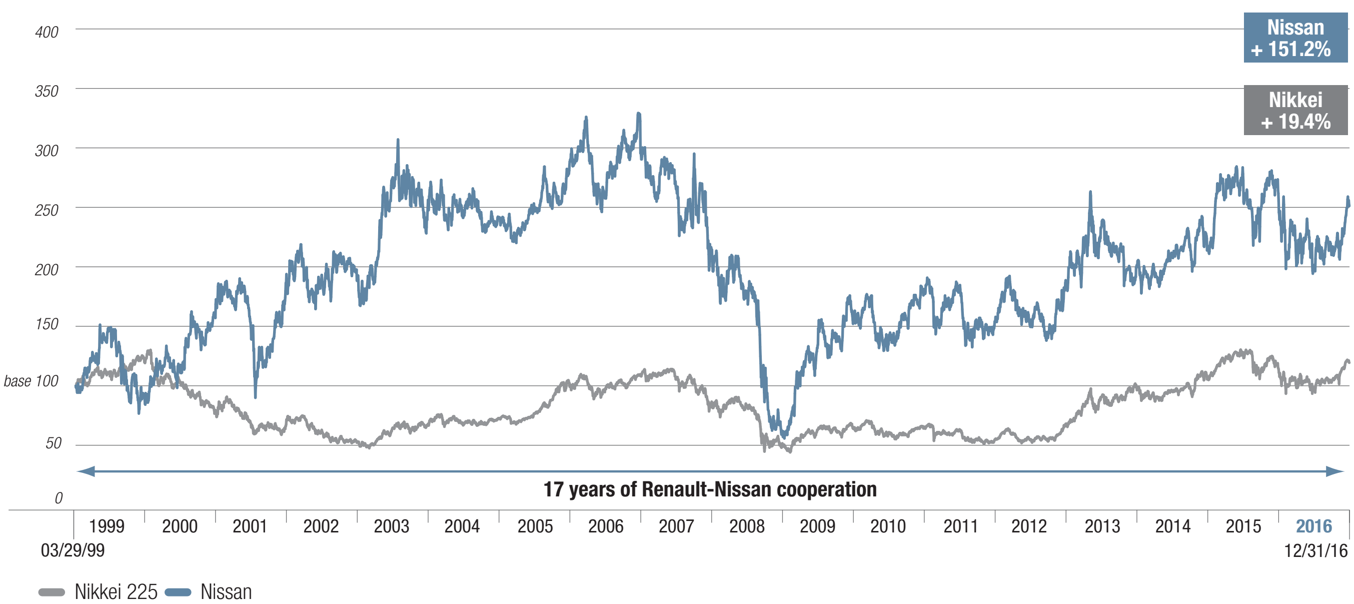
* *Including AVTOVAZ.*

1.2.7.2 RENAULT AND NISSAN SHARE EVOLUTION SINCE THE CREATION OF THE ALLIANCE IN 1999

RENAULT



NISSAN



AUTOMOTIVE MANUFACTURERS' MARKET CAPITALIZATION AT MARCH 1999 AND DECEMBER 2016

(€ million)	March 29, 1999	Ranking		December 31, 2016
Toyota	96,736	1	Toyota	182,432
Daimler	81,541	2	Daimler	75,656
Ford	59,848	3	VW	68,058
GM	52,518	4	BMW	57,412
Honda	39,961	5	GM	50,351
VW	22,159	6	Honda	50,284
BMW	16,277	7	Ford	44,834
Fiat	13,522	**8**	**Nissan**	**40,206**
Nissan	**9,049**	9	Hyundai	30,066
Renault	**8,393**	**10**	**Renault**	**24,991**
Peugeot	6,615	11	PSA	12,547
Hyundai	678	12	FCA	11,134

1.2.7.3 VALUE OF JOINT OPERATIONS

Total sales by Renault to Nissan and purchases by Renault from Nissan in 2016 amounted to an estimated €4,105 million and €2,115 million respectively (note 12 K of the Renault consolidated financial statements).

1.2.7.4 FINANCIAL INFORMATION ON THE ALLIANCE

(See chapter 1.3.2.3.)

1.2.7.5 GLOBAL PRODUCTION SITES*

* *This exclude Mitsubishi motors production sites.*

1.2.8 Nissan's 2016 results

Nissan's financial statements are prepared under Japanese accounting standards, which differ from the standards used by Renault. The statements include intermediate operating totals and some Nissan-specific indicators. 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 fiscal year runs from April 1 until March 31, the following year.

1.2.8.1 FISCAL YEAR 2016 AFTER NINE MONTHS

Nissan's net income for the nine months to December 31, 2016 declined 8.5% to ¥414,2 billion.

Operating profit reached ¥503,2 billion for the period, representing a 6.1% margin on net revenues of ¥8.26 trillion.

Globally, Nissan sold 3.99 million vehicles in the first nine months of fiscal 2016, a 2.6% rise year-on-year.

1.2.8.2 NISSAN'S CONTRIBUTION TO RENAULT'S 2016 RESULTS

CONTRIBUTION TO RENAULT'S 2016 CONSOLIDATED NET INCOME

Nissan's contribution to Renault's earnings in 2016 was €1,741 million, compared with €1,976 million in 2015, recorded in the financial statements as a share in net income of companies accounted for by the equity method (see chapter 4, note 12 of the consolidated financial statements).

1.3 Earnings report – 2016

KEY FIGURES

		2016	2015 restated[(1)]	Change
Worldwide Group registrations[(2)]	million vehicles	3.18	2.81	+13.3%
Group revenues	€ million	51,243	45,327	+13.1%
Group operating profit	€ million	3,282	2,375	+907
	% revenues	*6.4%*	*5.2%*	*+1.2 pt*
Group operating income	€ million	3,283	2,176	+1,107
Contribution from associated companies	€ million	1,638	1,371	+267
o/w Nissan		*1,741*	*1,976*	*-235*
o/w AVTOVAZ		*(89)*	*(620)*	*+531*
Net income	€ million	3,543	2,960	+583
Net income, Group share	€ million	3,419	2,823	+596
Earnings per share	€	12.57	10.35	+2.22
Automotive excluding AVTOVAZ Operational free cash flow[(3)]	€ million	1,107	1,051	+56
Automotive excluding AVTOVAZ net cash position	€ million	3,925	2,661	+1,264
Automotive net cash position	€ million	2,720	-	-
Sales Financing, average performing assets	€ billion	33.3	28.6	+16.3%

(1) Taxes, which satisfy the definition of tax based on a notion of taxable income within the meaning of IAS 12 “Income Taxes” and which were previously presented as operating expenses, have been reclassified under current taxes from 2016 and conversely for taxes not satisfying the definition of tax based on net income. The presentation of the 2015 financial statements was restated accordingly.

(2) Since January 1, 2016, volumes for China are reported based on retail sales versus wholesales previously. Volumes for 2015 have been restated.

(3) Automotive excluding AVTOVAZ 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 chapter 4.2.6.1.A4 of the condensed consolidated financial statements.

OVERVIEW

In 2016, under the impetus of the Drive the Change plan, **Groupe Renault reached a new sales record** and becomes the number-one French automotive group worldwide, with 3,182,625 vehicles registered. Volume and market shares were up in all Regions.

In 2016, **Group revenues** came to €51,243 million, up 13.1% from 2015. This represents growth of 17.0% at constant exchange rates.

Automotive excluding AVTOVAZ revenues amounted to €48,995 million, up 13.7% thanks to an increase in the Group’s brand volumes and sales to partners. The price effect was positive, due to the impact of new models and price increases in some emerging markets to offset currency devaluation.

The **Group’s operating margin** amounted to €3,282 million (+38.2%), compared to €2,375 million[(1)] in 2015, representing 6.4% of revenues (5.2%[(1)] in 2015).

The **Automotive excluding AVTOVAZ operating margin** was up €840 million (+54.3%) to €2,386 million, or 4.9% of revenues (*versus* 3.6%[(1)] in 2015).

This performance is mainly explained by the impact of volume growth (€1,036 million).

Continuing efforts to reduce costs contributed positively for €184 million, taking into account a significant increase in R&D expenses.

The mix/price/enrichment effect was positive at €115 million, in particular due to the impact of our new models and price increases in some emerging countries.

The currency impact was highly negative at -€702 million, reflecting firstly the depreciation of the British pound and the Argentinean peso.

Raw materials continued to have a very favorable effect of €331 million.

The Company’s G&A increased by €112 million.

Sales Financing contributed €896 million to the Group’s operating margin, compared with €829 million[(1)] in 2015, an increase of 8.1%.

Cost of risk (including country risk) has stabilized at a very good level of 0.31% of average performing assets (*versus* 0.33% at end-2015).

Other operating income and expenses are near-neutral at €1 million. This balance is primarily due to an accounting profit of €325 million recorded following the first full consolidation of AVTOVAZ at December 31, 2016, and to provisions for restructuring, in particular in France, for a total amount of €283 million. No provision has been booked regarding the diesel investigation in France.

Accordingly, the Group’s **operating income** came to €3,283 million, compared to €2,176[(1)] million in 2015.

Net financial income and expenses is a charge of -€323 million, compared to -€221 million in 2015. This evolution came mostly from lower financial income notably in Argentina, and foreign exchange gains in 2015.

(1) Explanation of 2015 restatements.

The **contribution of associated companies** came to €1,638 million, compared to €1,371 million in 2015.

Nissan's contribution amounted to €1,741 million in 2016, *versus* €1,976 million in 2015.

AVTOVAZ's contribution for 2016 was negative at -€89 million, *versus* a loss of €620 million recorded in 2015.

This improvement stems mainly from a sharp reduction in impairment losses recorded in 2016 compared with 2015, and partly, from the Company's improved operating performance. Furthermore, accounting for AVTOVAZ's losses in the results of equity affiliates was capped in 2016 at the value of the investment in Renault's books.

Net income came to €3,543 million (+19.7%) and net income, Group share, to €3,419 million (€12.57 per share, compared with €10.35 per share in 2015, up 21.4%).

Positive **Automotive excluding AVTOVAZ operational free cash flow** came to €1,107 million, after taking into account a positive change in working capital requirements of €356 million over the period.

The net cash position, after AVTOVAZ consolidation, amounted to €2,720 million (€3,925 million before the consolidation)

A **dividend** of €3.15 per share, *versus* €2.40 last year, will be submitted for approval at the next Shareholders' Annual General Meeting.

AVTOVAZ

As the first full AVTOVAZ's consolidation occurred on December 28, 2016, the income statement was not consolidated. On the other hand, the Company's balance sheet was consolidated in our financial statements. The consolidation impact on Groupe Renault's net financial position was a negative €1,205 million, and a preliminary goodwill of €1,025 million was accounted for. As of December 31, 2016, AVTOVAZ market value was higher than the carrying value of AVTOVAZ net assets including goodwill in Renault's financials.

During 2017, some other capital restructurings are contemplated in order to restore AVTOVAZ's equity.

AVTOVAZ's management communicated its detailed recovery plan on January 16. The main objectives of this plan is to reach positive operating profit (before impairment and restructuring costs) in 2018 and achieve profitable growth beyond. This presentation is available on our web-site: https://group.renault.com/finance/financialinformationdocumentsand presentation/

OUTLOOK 2017

In 2017, the global market is expected to record growth of 1.5% to 2%. The European and French markets are expected to increase by 2%.

At the International level, the Brazilian and Russian markets are expected to be stable. On the other hand, China (+5%) and India (+8%) should continue their momentum.

Within this context, and including AVTOVAZ, Groupe Renault is aiming to:

- increase Group revenues, beyond the impact of AVTOVAZ (at constant exchange rates)*;
- increase Group operating profit in euros*;
- generate a positive Automotive operational free cash flow.

* *Compared with 2016 Groupe Renault published results.*

MIDTERM PLAN 2022

Groupe Renault will present in 2017 a new strategic plan 2017-2022, with an ambition to reach €70 billion (at constant exchange rates) in revenues and 7% operating margin at the end of the plan, while maintaining a positive operational Automotive free cash flow every year.

1.3.1 Sales performance ♦

OVERVIEW

- In 2016, sales of passenger cars and light commercial vehicles (PC+LCV) by Groupe Renault increased by 13.3%, with 3.18 million vehicles registered in a global automotive market that rose by 4.6%.
- This fourth consecutive year of growth in registrations allowed the Group to set a new sales record. The Group's worldwide market share now stands at 3.5% (+0.3 points). 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 momentum of the European automotive market (+7%) with an 11.8% increase in registrations to 1.8 million vehicles, corresponding to a market share of 10.6%. Renault becomes Europe's second biggest automotive brand.
- **Outside Europe**, Groupe Renault achieved record sales in 2016, up 15.3% on 2015 against growth of 5.2% on the market as a whole. Volumes and market shares were up in all Regions.
- In 2016, the number of new financing contracts by **RCI Banque** was up 12.5% compared to 2015.

♦ *GRI [G4-8]*

1.3.1.1 AUTOMOTIVE EXCLUDING AVTOVAZ

GROUP REGISTRATIONS WORLDWIDE BY REGION

Passenger cars and light commercial vehicles (units)	2016[1]	2015	Change (%)
Group	**3,182,625**	**2,808,926**	**+13.3**
EUROPE REGION	**1,805,290**	**1,614,191**	**+11.8**
Renault	1,390,280	1,239,688	+12.1
Dacia	415,010	374,503	+10.8
AMERICAS REGION	**354,370**	**354,072**	**+0.1**
Renault	354,370	354,072	+0.1
ASIA-PACIFIC REGION[2]	**167,363**	**124,418**	**+34.5**
Renault	54,885	43,102	+27.3
Dacia	1,381	1,291	+7.0
Renault Samsung Motors	111,097	80,025	+38.8
AFRICA MIDDLE EAST INDIA REGION	**491,151**	**360,029**	**+36.4**
Renault	414,249	270,846	+52.9
Dacia	76,902	89,180	-13.8
Renault Samsung Motors	0	3	-100.0
EURASIA REGION	**364,451**	**356,216**	**+2.3**
Renault	273,525	270,251	+1.2
Dacia	90,926	85,965	+5.8

(1) Preliminary figures.

(2) Since January 1, 2016, volumes for China are reported based on retail sales versus wholesales previously. Volumes for 2015 have been restated.

EUROPE

In Europe, Groupe Renault's market share (passenger cars and light commercial vehicles) rose by 0.5 points to 10.6%. Registrations rose by 11.8% to 1,805,290. Sales were up in all the countries in the region.

Sales were up again for the **Renault Brand**, which becomes Europe's second biggest automotive brand.

With 1,390,280 vehicle registrations (up 12.1% on 2015), Renault's market share rose 0.4 points to reach 8.1%.

It is mainly due to the successful product range renewal program including ESPACE, TALISMAN and the MEGANE family.

Renault kept its leadership in B-segment city cars, owing to successful showings from CLIO and CAPTUR.

After eleven years on the European market, **Dacia Brand** sales were again up in 2016 (by 10.8%), at a record 415,010 registrations.

The Renault brand stays at the top of the European **Electric Vehicles Market**, with sales up by 11% at 25,648 units (excluding TWIZY). ZOE heads the electric passenger car with registrations up 16% and KANGOO Z.E. the electric light commercial vehicle market.

In **France**, Groupe Renault achieved its best sales performance in five years. Renault widened its lead as France's leading automotive brand, with a 22.3% of the passenger car and light commercial vehicle market, while Dacia sales hit a record high of 112,000 units.

OUTSIDE EUROPE

Despite uneven economic situations across the globe, Groupe Renault was able to increase its market share in all Regions thanks to a renewed and enlarged line-up.

AMERICAS

Groupe Renault sales rose by 0.1% despite market shrinkage of 4.1%, holding up well to the economic difficulties with a market share of 6.5%, up by 0.3 points.

In **Brazil**, market share rose by 0.2 point to a record 7.5%, on a market that slipped back 19.8% thanks to the successful performance of DUSTER OROCH.

In **Argentina**, the Renault brand continues to reap the benefits of the recovering market, with registrations up by 24.8% against growth of 9.1% in the market as a whole.

In **Colombia**, sales volume (51,049 vehicles) and market share (21.3%) both hit records.

In 2017, the Group will benefit of its brand new SUV range with CAPTUR, KWID and New KOLEOS as well as the arrival of the one-ton pick-up ALASKAN.

ASIA-PACIFIC

Group's sales increased by 34.5% at 167,363 units.

In **South Korea**, Renault Samsung Motors sales rose 38.8% in South Korea despite the 0.3% shrinkage of the market. The market share was up 1.7 points at 6.2% thanks to the successful launches of SM6 and QM6 in 2016.

In **China**, following release of KADJAR, the first vehicle made locally by the Dongfeng Renault joint-venture, Renault sales rose by 50.8% against market growth of 14.0%. Launched end-2016, New KOLEOS orders approached 10,000 in just two months.

AFRICA MIDDLE EAST INDIA

Groupe Renault registrations rose by 36.4%, giving a market share of 6.2% (up 1.7 points).

In **India**, Renault kept its position as best-selling European automotive brand, with sales up by 145.6%. KWID registrations totalled 105,745. India becomes the Group's eighth biggest market worldwide.

In **Iran**, sales boomed by 110.7% to give Groupe Renault an 8.4% market share, up 3.7 points on 2015. The Group has reclaimed its position as a major player on the reopened Iranian market thanks to successful performance from TONDAR and SANDERO.

In **North Africa**, Groupe Renault holds a 38.5% market share, up by 4.9 points. In Algeria, its market share reached a record 51.3% in 2016, up by 15.7 points, benefiting from local production of SYMBOL. In **Morocco**, where Dacia and Renault hold first and second places respectively, Groupe Renault registrations rose by 22.5% leading to a market share of 37.8%.

EURASIA

Registrations rose by 2.3% despite market shrinkage of 6.3%. Market share rose accordingly, by 1.1 points to 13.0%.

In **Turkey**, the Group established a new record on sales, with registrations up 4.4%. New MEGANE Sedan got off to a good start, with orders topping 13,200 in the first two months.

In **Russia**, still a declining market (-10.8%), Renault achieved a record market share of 8.2% (+0.7%), chiefly owing to successful performance from KAPTUR, which sold more than 14,600 units since it was launched in June.

GROUP REGISTRATIONS BY BRAND AND BY TYPE

Passenger cars and light commercial vehicles (units)(2)	2016(1)	2015	Change (%)
Group	**3,182,625**	**2,808,926**	**+13.3**
BY BRAND			
Renault	2,487,309	2,177,959	+14.2
Dacia	584,219	550,939	+6.0
Renault Samsung Motors	111,097	80,028	+38.8
BY VEHICLE TYPE			
Passenger cars	2,748,181	2,421,361	+13.5
Light commercial vehicles	434,444	387,565	+12.1

(1) Preliminary figures.
(2) Since January 1, 2016, volumes for China are reported based on retail sales versus wholesales previously. Volumes for 2015 have been restated.

Registrations of the **Renault brand** increased by 14.2% compared to 2015, thanks to the success of new models and the strong momentum of the European automotive market.

With 2,487,309 units sold, the Renault brand accounted for 78.2% of Group's registrations.

The **Dacia brand's** registrations went up by 6.0% to 584,219 units, driven by the strong growth in Europe (notably in France with a 12.1% increase).

Renault Samsung Motors' volumes increased sharply (+38.8%) thanks to the successful launches of SM6 and QM6.

1.3.1.2 SALES FINANCING

NEW FINANCING AND SERVICES

With a record number of 1,563,954 contracts financed by end-December 2016, *i.e.* a 12.5% increase compared with 2015, RCI Banque confirms its profitable growth trajectory while also strengthening its strategy of commercial support for the Alliance brands.

This high level of performance is driven by the growth of the automotive market, in particular in Europe where increased sales of new vehicles are offsetting the decline recorded in Brazil and Russia, and by increased market share for the Alliance brands.

Up 0.7 points compared with 2015, the Group's vehicle financing penetration rate amounted to 37.7%. Outside Turkey, Russia and India (companies consolidated by the equity method), this rate came to 41.0%, *versus* 40.0% at end-December 2015.

In this context, new financing contracts (excluding cards and personal loans) were up across all Alliance brands, reaching €17.9 billion, up 14.9% over the year.

Average performing assets came to €33.3 billion, *i.e.* an increase of 16.3% *versus* 2015. Of this amount, €25.2 billion was directly related to the Customers business, up 16.0%.

RCI BANQUE FINANCING PERFORMANCE

	2016	2015	Change (%)
Number of financing contracts (thousands)	**1,564**	**1,390**	**+12.5**
including UV contracts (thousands)	276	233	+18.6
New financing (€ billion)	**17.9**	**15.6**	**+14.9**
Average loans outstanding (€ billion)	**33.3**	**28.6**	**+16.3**

A cornerstone of RCI Banque strategy, the Services activity contributes to customer satisfaction and loyalty to the Alliance brands by relying on two major areas: the profitable diversification of the product offer and international expansion. This business continued its development throughout 2016, with the number of contracts increasing by 19.8% to over 3.4 million contracts (of which more than 63% include vehicle-related services).

RCI BANQUE SERVICES PERFORMANCE

	2016	2015	Change
Number of services contracts (thousands)	3,415	2,851	+19.8%
PENETRATION RATE ON SERVICES	**100.3%**	**91.5%**	**+8.8 pts**

RCI BANQUE PENETRATION RATE ON NEW VEHICLE REGISTRATIONS

The penetration rate, which experienced overall growth of 0.7 points for the RCI Banque group compared with 2015, saw varying trends depending on the brands and Regions.

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

	2016 (%)	2015 (%)	Change (points)
Renault	37.8	37.4	+0.4
Dacia	40.5	41.1	-0.5
Renault Samsung Motors	52.9	54.3	-1.4
Nissan	35.0	33.1	+1.9
Infiniti	27.1	28.5	-1.4
Datsun	18.6	19.4	-0.8
RCI BANQUE	**37.7**	**37.1**	**+0.7**

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

	2016 (%)	2015 (%)	Change (points)
Europe	41.5	40.2	+1.3
Americas	37.7	39.0	-1.3
Asia-Pacific	52.3	53.3	-1.0
Africa Middle East India	18.2	16.4	+1.8
Eurasia	24.7	24.2	+0.5
RCI BANQUE	**37.7**	**37.1**	**+0.7**

In the **Europe Region**, the number of new vehicle financing contracts increased by 12.6% in one year. The vehicle financing penetration rate for the Region increased by 1.3 points compared with 2015, reaching 41.5%.

In the **Asia-Pacific Region**, more than half of the new vehicles sold by Renault Samsung Motors were financed by RCI Banque, which benefited from the manufacturer's strong sales performance. The vehicle financing penetration rate reached 52.3%, down 1.0 point.

The **Americas Region** is still affected by the fall in the Brazilian automotive market, down 19.8% compared with 2015. Supported by the strong sales performance in Argentina, the vehicle financing penetration rate in the Region was maintained at a high 37.7%, a 1.3 points decline compared to 2015.

The **Africa Middle East India Region** recorded an 18.2% vehicle financing penetration rate, up 1.8 points compared with the previous year. In India, the roll-out of the Financing business since 2015 has generated a 5.9 points increase in the penetration rate over the year, reaching 12.6%.

In the **Eurasia Region**, the vehicle financing penetration rate increased by 0.5 points to 24.7%. In Russia, in an environment of falling automotive sales, the vehicle financing penetration rate improved by 2.9 points, returning to a pre-crisis level of 26.9%. In Turkey, the penetration rate amounted to 22.1%, down 3.8 points, in a growing automotive market.

INTERNATIONAL DEVELOPMENT AND NEW ACTIVITIES

In 2016, RCI Banque continued to capture new markets, supporting the commercial development of the Alliance brands.

In Colombia, the year was marked by the launch of its own financing business. The subsidiary became operational in August 2016, and more than 18,000 new vehicles financing contracts were signed.

In India, driven by the commercial success of Renault KWID launched at end-2015, RCI Banque recorded significant growth in its business, with more than 22,000 financing contracts under management.

Despite the fall in its main emerging markets, the share of RCI Banque business performed outside of Europe still accounted for nearly a quarter of the number of new vehicle financing contracts (23% in 2016, compared with 26% in 2015).

Now rolled out in four European countries (France, Germany, Austria and the United Kingdom), savings accounts constitute a major refinancing tool for RCI Banque. At end-December 2016, the total amount of deposits collected reached €12.6 billion, *i.e.* 33% of Group net outstandings. In line with its strategy, RCI Banque thus exceeded the target it had set itself for 2016.

Positioned as the services operator for electric-vehicle battery rental in 23 countries for the Alliance, RCI Banque had 97,202 batteries under management at end-2016.

Lastly, on June 22, 2016, RCI Banque took a minority stake in the company Bulb Software Ltd, which offers an innovative solution for the management of professional vehicles and equipment enabling the simplified and comprehensive monitoring of use and of all related costs. This investment is in line with RCI Banque's strategy of offering innovative and affordable services to individual and professional customers, thereby simplifying their use of the car.

1.3.1.3 REGISTRATIONS AND PRODUCTION STATISTICS

GROUPE RENAULT – WORLDWIDE REGISTRATIONS

Passenger cars and light commercial vehicles (Units)(2)	2016(1)	2015	Change (%)
KWID	111,687	17,933	+++
TWINGO	86,829	97,477	-10.9
ZOE	22,009	18,939	+16.2
CLIO	460,996	457,241	+0.8
CAPTUR / QM3	260,768	243,665	+7.0
PULSE	2,288	1,882	+21.6
LOGAN	337,243	325,670	+3.6
SANDERO	403,542	349,076	+15.6
MEGANE / SCENIC	258,641	254,821	+1.5
FLUENCE (incl. Z.E.) / SM3 / SCALA	59,827	91,346	-34.5
KAPTUR/CAPTUR Americas	15,298	-	-
LODGY	41,152	41,504	-0.8
DUSTER	329,271	334,117	-1.5
KADJAR	163,711	54,339	+++
LAGUNA	152	7,957	-98.1
LATITUDE / SM5	7,045	26,409	-73.3
TALISMAN/SM6	94,756	1,861	+++
KOLEOS/QM5/QM6	28,616	36,482	-21.6
ESPACE	27,337	21,315	+28.3
SM7	7,150	8,486	-15.7
KANGOO (incl. Z.E.)	150,189	154,113	-2.5
DOKKER	77,366	69,014	+12.1
TRAFIC	99,038	86,144	+15.0
MASTER	94,204	93,068	+1.2
OROCH	28,598	3,484	+++
ALASKAN	293	-	-
Others	14,619	12,583	+16.2
TOTAL WORLDWIDE GROUP PC / LCV REGISTRATIONS(2)	**3,182,625**	**2,808,926**	**+13.3**
TWIZY(3)	2,338	2,132	+9.7

(1) Preliminary figures.

(1) Since January 1, 2016, volumes for China are reported based on retail sales versus wholesales previously. Volumes for 2015 have been restated.

(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Mexico, Colombia, Bulgaria and Ireland.

GROUPE RENAULT – EUROPEAN REGISTRATIONS

Passenger cars and light commercial vehicles (units)	2016[1]	2015	Change (%)
TWINGO	85,276	96,552	-11.7
ZOE	21,735	18,736	+16.0
CLIO	351,187	339,972	+3.3
CAPTUR / QM3	217,304	195,920	+10.9
LOGAN	37,252	40,919	-9.0
SANDERO	168,229	147,642	+13.9
MEGANE / SCENIC	233,347	238,305	-2.1
FLUENCE (incl. Z.E.) / SM3 / SCALA	3,872	4,696	-17.5
LODGY	22,966	22,070	+4.1
DUSTER	140,411	123,777	+13.4
KADJAR	128,622	49,238	+++
LAGUNA	137	7,903	-98.3
LATITUDE/SM5	1	70	-98.6
TALISMAN/SM6	34,221	1,856	+++
KOLEOS/QM5/QM6	122	4,697	-97.4
ESPACE	27,294	21,287	+28.2
KANGOO (incl. Z.E.)	105,937	100,652	+5.3
DOKKER	46,077	40,046	+15.1
TRAFIC	92,411	80,684	+14.5
MASTER	75,234	67,228	+11.9
Others	13,655	11,941	+14.4
TOTAL EUROPEAN GROUP PC / LCV REGISTRATIONS	**1,805,290**	**1,614,191**	**+11.8**
TWIZY[2]	2,227	2,012	+10.7

(1) Preliminary figures.
(2) 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)(2)	2016(1)	2015	Change (%)
KWID	111,687	17,933	+++
TWINGO	1,553	925	+67.9
ZOE	274	203	+35.0
CLIO	109,809	117,269	-6.4
CAPTUR / QM3	43,464	47,745	-9.0
PULSE	2,288	1,882	+21.6
LOGAN	299,991	284,751	+5.4
SANDERO	235,313	201,434	+16.8
MEGANE / SCENIC	25,294	16,516	+53.1
FLUENCE (incl. Z.E.) / SM3 / SCALA	55,955	86,650	-35.4
KAPTUR/CAPTUR Americas	15,298	-	-
LODGY	18,186	19,434	-6.4
DUSTER	188,860	210,340	-10.2
KADJAR	35,089	5,101	+++
LAGUNA	15	54	-72.2
LATITUDE/SM5	7,044	26,339	-73.3
TALISMAN/SM6	60,535	5	+++
KOLEOS/QM5/QM6	28,494	31,785	-10.4
ESPACE	43	28	+53.6
SM7	7,150	8,486	-15.7
KANGOO (incl. Z.E.)	44,252	53,461	-17.2
DOKKER	31,289	28,968	+8.0
TRAFIC	6,627	5,460	+21.4
MASTER	18,970	25,840	-26.6
OROCH	28,598	3,484	+++
ALASKAN	293	-	-
Others	964	642	+50.2
TOTAL INTERNATIONAL GROUP PC / LCV REGISTRATIONS(2)	**1,377,335**	**1,194,735**	**+15.3**
TWIZY(3)	111	120	-7.5

(1) Preliminary figures.
(2) Since January 1, 2016, volumes for China are reported based on retail sales versus wholesales previously. Volumes for 2015 have been restated.
(3) TWIZY is a quadricycle and therefore not included in Group automotive registrations except in Mexico, Colombia and Bulgaria.

GROUPE RENAULT – WORLDWIDE PRODUCTION BY MODEL(3)

Passenger cars and light commercial vehicles (units)	2016(2)	2015(1)	Change (%)
TWIZY	2,855	2,120	+34.7
KWID	119	-	+++
TWINGO	83,855	83,377	+0.6
CLIO	461,640	464,453	-0.6
ZOE	25,478	19,115	+33.3
CAPTUR	242,915	255,459	-4.9
LOGAN	183,425	191,052	-4.0
SANDERO	342,415	315,745	+8.4
Autres LOGAN	40,840	40,615	+0.6
LODGY	37,105	32,663	+13.6
MEGANE/SCENIC	282,842	238,498	+18.6
FLUENCE/ MEGANE Sedan / SM3	69,477	85,719	-18.9
KAPTUR/CAPTUR Americas	21,999	-	-
DUSTER / DUSTER Oroch	339,083	297,050	+14.2
KADJAR	140,795	82,321	+71.0
LAGUNA	-	5,921	-
LATITUDE/SM5	5,131	25,852	-80.2
TALISMAN	107,221	5,685	+++
KOLEOS	23,187	28,511	-18.7
ESPACE	26,395	27,066	-2.5
SM7	6,791	8,911	-23.8
KANGOO	159,786	152,963	+4.5
DOKKER	80,783	71,515	+13.0
TRAFIC (incl. GM, Nissan, Fiat)	121,655	93,316	+30.4
MASTER (incl. GM, Nissan et RVI)	142,086	135,806	+4.6
ALPINE	30	-	-
Others	226,801	200,186	+13.3
GROUP GLOBAL PRODUCTION	**3,174,709**	**2,863,919**	**+10.9**
o/w produced for partners:			
GM	28,251	26,821	+5.3
Nissan	164,401	143,227	+14.8
Daimler	75,382	63,525	+18.7
Renault Trucks	12,625	12,583	+0.3
Fiat	12,525	-	+++

Produced by partners for Renault	2016(2)	2015(1)	Change (%)
KWID (Chennai – Nissan)	115,223	18,282	+++
DUSTER (Chennai – Nissan)	20,592	22,477	-8.4
KADJAR (Wuhan – DRAC)	25,450	56	+++
KOLEOS (Wuhan – DRAC)	7,538	-	+++
LOGAN (Iran, AVTOVAZ)	109,610	72,757	+50.7
SANDERO (Iran, AVTOVAZ)	58,228	33,668	+72.9
Others (Nissan, DRAC, Pars/Iran Khodro / AVTOVAZ)	7,002	13,805	-49.3

(1) 2015 restated pro forma 2016.
(2) Preliminary figures.
(3) Production data concern the number of vehicles leaving the production line.

GEOGRAPHICAL ORGANIZATION OF THE GROUPE RENAULT BY REGION – COUNTRIES IN EACH REGION

At December 31, 2016

Europe	Americas	Asia-Pacific	Africa Middle East India	Eurasia
Albania	**Argentina**	Australia	**Algeria**	Armenia
Austria	Bolivia	Brunei	Egypt	Azerbaijan
Baltic States	**Brazil**	Cambodia	French Guiana	Belarus
Belgium-Lux.	Chili	China	Guadeloupe	Bulgaria
Bosnia	Colombia	Hong Kong	Gulf States	Georgia
Croatia	Costa Rica	Indonesia	**India**	Kazakhstan
Cyprus	Dominican Rep.	Japan	Iraq	Kyrgyzstan
Czech Rep.	Ecuador	Laos	**Iran**	Moldova
Denmark	El Salvador	Malaysia	Israel	Romania
Finland	Honduras	New Caledonia	Jordan	**Russia**
France Metropolitan	Mexico	New Zealand	Lebanon	Tajikistan
Germany	Nicaragua	Philippines	Libya	Turkmenistan
Greece	Panama	Singapore	Madagascar	**Turkey**
Hungary	Paraguay	**South Korea**	**Morocco**	Ukraine
Iceland	Peru	Tahiti	Martinique	Uzbekistan
Ireland	Uruguay	Thailand	Pakistan	
Italy	Venezuela	Viet Nam	Reunion	
Macedonia			Saint Martin	
Malta			Saudi Arabia	
Montenegro			South Africa	
Netherlands			Sub Saharian African countries	
Norway			Tunisia	
Poland				
Portugal				
Serbia				
Slovakia				
Slovenia				
Spain				
Sweden				
Switzerland				
United Kingdom				

Group Top 15 markets in bold.

1.3.2 Financial results

SUMMARY

(€ million)	2016	2015 restated*	Change
Group revenues	**51,243**	**45,327**	**+13.1%**
Operating profit	**3,282**	**2,375**	**+907**
Operating income	3,283	2,176	+1,107
Financial income	(323)	(221)	-102
Contribution from associated companies	**1,638**	**1,371**	**+267**
o/w Nissan	*1,741*	*1,976*	*-235*
Net income	**3,543**	**2,960**	**+583**
Automotive excluding AVTOVAZ operational free cash flow	**1,107**	**1,051**	**+56**
Automotive excluding AVTOVAZ Net cash position	**3,925**	**2,661**	**+1,264**
Automotive incl. AVTOVAZ Net cash position	**2,720**	**-**	**-**
Shareholders' equity	30,895	28,474	+2,421

* *Taxes that meet the definition of a tax based on a concept of taxable income as defined by IAS 12 "Income Taxes" and were presented in the past as operating expenses were reclassified as current taxes starting in 2016 and vice versa for taxes which do not meet the definition of a tax based on income. The presentation of the 2015 financial statements was restated accordingly.*

1.3.2.1 COMMENTS ON THE FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT

OPERATING SEGMENT CONTRIBUTION TO GROUP REVENUES

	2016					2015				
(€ million)	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Automotive excl. AVTOVAZ	9,942	14,136	9,989	14,928	48,995	8,829	12,236	8,802	13,241	43,108
Sales Financing	547	560	557	584	2,248	559	573	534	553	2,219
TOTAL	**10,489**	**14,696**	**10,546**	**15,512**	**51,243**	**9,388**	**12,809**	**9,336**	**13,794**	**45,327**

	Change				
(%)	Q1	Q2	Q3	Q4	Year
Automotive excl. AVTOVAZ	+12.6	+15.5	+13.5	+12.7	+13.7
Sales Financing	-2.1	-2.3	+4.3	+5.6	+1.3
TOTAL	**+11.7**	**+14.7**	**+13.0**	**+12.5**	**+13.1**

The **Automotive excluding AVTOVAZ contribution** to revenues amounted to €48,995 million, an increase on 2015 (+13.7%). Excluding a 3.9 point negative exchange rate effect, Automotive excluding AVTOVAZ revenues grew by 17.0%. This increase is mainly due to:

- a volume effect of 8.9 points linked to the success of new models and the European momentum;
- a positive price effect of 3.9 points, mainly resulting from the impact of new models and price increases in some emerging countries to offset the devaluation of currencies;
- a growth in sales to partners that had a favorable impact of 2.5 points, mainly thanks to the increase in the ROGUE production in Korea 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 (KADJAR, TALISMAN, MEGANE).
- "Others" benefited for 1.4 points, mainly thanks to spare parts and used cars growing businesses, in addition to the consolidation impact of Formula 1 revenues from June 2016.

OPERATING SEGMENT CONTRIBUTION TO GROUP OPERATING PROFIT

(€ million)	2016	2015 restated*	Change
Automotive excl. AVTOVAZ	**2,386**	**1,546**	**+840**
% of division revenues	*4.9%*	*3.6%*	*+1.3 pt*
Sales Financing	**896**	**829**	**+67**
TOTAL	**3,282**	**2,375**	**+907**
% of Group revenues	*6.4%*	*5.2%*	*+1.2 pt*

* *Taxes that meet the definition of a tax based on a concept of taxable income as defined by IAS 12 "Income Taxes" and were presented in the past as operating expenses were reclassified as current taxes starting in 2016 and vice versa for taxes which do not meet the definition of a tax based on income. The presentation of the 2015 financial statements was restated accordingly.*

The Automotive excluding AVTOVAZ operating margin rose by €840 million to €2,386 million (4.9% of revenues), owing mainly to:

- strong business growth (€1,036 million);
- continuing efforts to reduce costs by €184 million, taking into account a significant increase in R&D expenses;
- a positive mix/price/enrichment effect for €115 million, in particular due to the impact of our new models and price increases in some emerging countries;
- a €331 million significant tailwind from raw materials.

These positive effects offset:

- a highly negative currency impact at -€702 million, reflecting firstly the depreciation of the British pound and the Argentinean peso;
- Company's G&A increasing by €112 million.

Sales Financing contributed €896 million to the Group's operating margin, compared with €829 million in 2015, an increase of 8.1%.

Cost of risk (including country risk) has stabilized at a very good level of 0.31% of average performing assets (*versus* 0.33% at end-2015).

Other operating income and expenses are near-neutral at €1 million compared with a net charge of €199 million in 2015. This balance is due primarily to an accounting profit of €325 million recorded following the first full consolidation of AVTOVAZ at December 31, 2016, and to provisions for restructuring, in particular in France, for a total amount of €283 million. It is worth noting that no provision has been booked regarding the diesel investigation in France.

Accordingly, the Group's **operating income** came to €3,283 million, compared to €2,176 million in 2015.

Net financial income and expenses is a charge of -€323 million, compared to -€221 million in 2015. This evolution came mostly from lower interest income notably in Argentina, and foreign exchange gains in 2015.

The **contribution of associated companies** came to €1,638 million:

- €1,741 million for Nissan (€1,976 million in 2015);
- -€89 million for AVTOVAZ (-€620 million in 2015).

AVTOVAZ's contribution for 2016 was negative at €89 million, *versus* a loss of €620 million recorded in 2015. This improvement stems mainly from a sharp reduction in impairment losses recorded in 2016 compared with 2015, and partly, from the Company's improved operating performance. Furthermore, accounting for AVTOVAZ's losses in the results of equity affiliates was capped in 2016 at the value of the investment in Renault's books.

Current and deferred taxes showed a charge of €1,055 million, up €689 million compared with 2015, of which €728 million for current taxes and €327 million for deferred taxes.

Net income totaled €3,543 million, compared with €2,960 million in 2015; Net income, Group share was €3,419 million (compared with €2,823 million in 2015).

AUTOMOTIVE EXCLUDING AVTOVAZ OPERATIONAL FREE CASH FLOW

AUTOMOTIVE EXCLUDING AVTOVAZ OPERATIONAL FREE CASH FLOW

(€ million)	2016	2015 restated*	Change
Cash flow (excluding dividends received from publicly listed companies)	4,362	3,484	+878
Change in the working capital requirement	356	648	-292
Tangible and intangible investments net of disposals	(3,047)	(2,729)	-318
Leased vehicles and batteries	(564)	(352)	-212
***OPERATIONAL FREE CASH* FLOW EXCLUDING AVTOVAZ**	**1,107**	**1,051**	**+56**

* *Interest and current taxes received and paid are now presented on separate lines of the cash flow statement and interest from derivatives on financing operations of the Automotive division are now classified as operating cash flows. The presentation of the 2015 financial statements was restated accordingly.*

In 2016, the Automotive excluding AVTOVAZ segment reported positive **operational free cash flow** of €1,107 million, resulting from:

- cash flow of €4,362 million (+€878 million compared with 2015), arising from an improvement in operational profitability;
- a positive change in the working capital requirement of €356 million, despite a rise in inventories;
- property, plant and equipment and intangible investments net of disposals of €3,047 million, an increase of €318 million compared with 2015.

Net capital expenditure and R&D expenses remained at 8.2% of Group revenues *versus* 7.9% in 2015, in line with the Group Plan's objective of under 9% of revenues.

GROUPE RENAULT– RESEARCH AND DEVELOPMENT EXPENSES

Analysis of Research and Development costs:

(€ million)	2016	2015 restated*	Change
R&D expenses	(2,530)	(2,212)	-318
Capitalized development expenses	903	874	+29
% of R&D expenses	*35.7%*	*39.5%*	*-3.8%*
Amortization	(743)	(706)	-37
GROSS R&D EXPENSES RECORDED IN THE INCOME STATEMENT	**(2,370)**	**(2,044)**	**-326**

* *Taxes that meet the definition of a tax based on a concept of taxable income as defined by IAS 12 "Income Taxes" and were presented in the past as operating expenses were reclassified as current taxes starting in 2016 and vice versa for taxes which do not meet the definition of a tax based on income. The presentation of the 2015 financial statements was restated accordingly.*

The capitalization rate fell from 39.5% in 2015 to 35.7% in 2016 in connection with the progress of projects.

TANGIBLE AND INTANGIBLE INVESTMENTS NET OF DISPOSALS BY OPERATING SEGMENT

(€ million)	2016	2015 restated*
Tangible investments (excluding leased vehicles and batteries)	2,037	1,840
Intangible investments	1,054	955
o/w capitalized R&D	903	874
Total acquisitions	3,091	2,795
Disposal gains	(44)	(66)
TOTAL AUTOMOTIVE EXCL. AVTOVAZ	**3,047**	**2,729**
TOTAL SALES FINANCING	**6**	**6**
TOTAL GROUP	**3,053**	**2,735**

* *Taxes that meet the definition of a tax based on a concept of taxable income as defined by IAS 12 "Income Taxes" and were presented in the past as operating expenses were reclassified as current taxes starting in 2016 and vice versa for taxes which do not meet the definition of a tax based on income. The presentation of the 2015 financial statements was restated accordingly.*

Total gross capital expenditure rose in 2016 compared with 2015; the breakdown was 64% in Europe and 36% worldwide:

- in Europe, investments were devoted primarily to the renewal of C-range vehicles (New SCENIC and MEGANE family), D-range vehicles (TALISMAN), and the introduction of MICRA in Flins as part of the cross-production activities with Nissan;

Substantial efforts were also made to improve the competitiveness of European plants and adapt the production capacity to the increase in the European markets, in particular regarding powertrain and the A/B range;

- outside of Europe, investments targeted mainly the C/D range (New MEGANE Sedan and New KOLEOS), the Global Access range (KAPTUR in Russia, new crossover and small entry-level SUV in South America).

Large investments were also made to modernize the Córdoba plant following the decision to establish a manufacturing chain there, dedicated to Renault, Daimler and Nissan pick-ups.

NET CAPEX AND R&D EXPENSES

(€ million)	2016	2015 restated*
Tangible and intangible investments net of disposals (excluding capitalized leased vehicles and batteries)	3,053	2,735
Capitalized development expenses	(903)	(874)
Capex invoice to third parties and others	(226)	(252)
NET INDUSTRIAL AND COMMERCIAL INVESTMENTS (1)	**1,924**	**1,609**
% of Group revenues	*3.8%*	*3.5%*
R&D EXPENSES	**2,530**	**2,212**
o/w billed to third parties	(246)	(253)
NET R&D EXPENSES (2)	**2,284**	**1,959**
% of Group revenues	*4.5%*	*4.3%*
NET CAPEX AND R&D EXPENSES (1) + (2)	**4,208**	**3,568**
% of Group revenues	*8.2%*	*7.9%*

* *Taxes that meet the definition of a tax based on a concept of taxable income as defined by IAS 12 "Income Taxes" and were presented in the past as operating expenses were reclassified as current taxes starting in 2016 and vice versa for taxes which do not meet the definition of a tax based on income. The presentation of the 2015 financial statements was restated accordingly.*

AUTOMOTIVE NET CASH POSITION AT DECEMBER 31, 2016

CHANGE IN AUTOMOTIVE NET CASH POSITION (€ MILLION)

NET CASH POSITION AT DECEMBER 31, 2015	**+2,661**
Operational free cash flow for 2016	+1,107
Dividends received	+772
Dividends paid to Renault's shareholders	(794)
Nissan share buyback program	+1,119
Financial investments and others	(940)
NET CASH POSITION EXCL. AVTOVAZ AT DECEMBER 31,2016	**+3,925**
AVTOVAZ NET CASH POSITION	**(1,205)**
NET CASH POSITION AT DECEMBER 31, 2016	**+2,720**

The €59 million increase in the net cash position compared with December 31, 2015 is due to:

- operational free cash flow;
- net dividends;
- participation to the Nissan share buyback program;
- various elements (sundry value adjustments linked to currency fluctuations, AVTOVAZ recapitalization…);
- the first consolidation impact of AVTOVAZ net cash position.

AUTOMOTIVE NET CASH POSITION

(€ million)	December 31, 2016	December 31, 2015
Non-current financial liabilities	(4,625)	(5,693)
Current financial liabilities	(6,049)	(4,811)
Non-current financial assets – other securities, loans and derivatives on financial operations	+109	+119
Current financial assets	+1,188	+1,475
Cash and cash equivalents	+12,097	+11,571
NET CASH POSITION	**+2,720**	**+2,661**

In 2016, **Renault's** medium/long-term borrowings totaled approximately €616 million. It strengthened its historical presence in the Japanese domestic market by issuing a 50 billion yen bond ("Samurai bond"). The Automotive segment's liquidity reserves stood at €15.1 billion at December 31, 2016. These reserves consisted of:

- €11.8 billion in cash and cash equivalents;
- €3.3 billion in undrawn confirmed credit lines.

At December 31, 2016, **RCI Banque** had available liquidity of €8.4 billion, consisting of:

- €4.1 billion in undrawn confirmed credit lines;
- €2.6 billion in central-bank eligible collateral;
- €1.3 billion in high quality liquid assets (HQLA);
- €0.3 billion in available cash.

1.3.2.2 CONSOLIDATED FINANCIAL STATEMENTS

Refer to chapter 4.2 of this Registration document.

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 2016.

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, 2016, 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, 2016 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 2016

(€ million)	Renault	Nissan*	Intercompany eliminations	Alliance
Sales of goods and services of the Automotive segment	48,995	86,774	(5,978)	129,791
Sales Financing revenues	2,248	7,837	(134)	9,951
REVENUES	**51,243**	**94,611**	**(6,112)**	**139,742**

* *Converted at the average exchange rate for 2016: EUR 1 = JPY 120.3.*

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 2016 results.

The **operating margin, the operating income and the net income** of the Alliance in 2016 are as follows:

(€ million)	Operating margin	Operating income(3)	Net income(2)
Renault	3,282	3,283	1,802
Nissan(1)	5,904	4,879	4,209
ALLIANCE	**9,186**	**8,162**	**6,011**

(1) Converted at the average exchange rate for 2016: EUR 1 = JPY 120.3.

(2) Renault's net income is adjusted to exclude Nissan's contribution and Nissan's net income is similarly adjusted to exclude Renault's contribution.

(3) Nissan's opearating income includes -€754 million, (-¥90.7 billion), of Quality related costs.

Intercompany transactions impacting the indicators are minor and have therefore not been eliminated.

For the Alliance, the operating margin is equivalent to 6.5% of revenues.

In 2016, the Alliance's **Research and Development expenses**, after capitalization and amortization, are as follows:

(€ million)	
Renault	2,370
Nissan*	3,002
ALLIANCE	**5,372**

* *Converted at the average exchange rate for 2016: EUR 1 = JPY 120.3.*

BALANCE SHEET INDICATORS

Condensed Renault and Nissan balance sheets

RENAULT AT DECEMBER 31, 2016

Assets (€ million)	
Intangible assets	4,899
Property, plant and equipment	12,988
Investments in associates (excluding Alliance)	722
Deferred tax assets	922
Inventories	5,821
Sales financing receivables	34,358
Automotive receivables	1,914
Other assets	8,322
Cash and cash equivalents	13,853
TOTAL ASSETS EXCLUDING INVESTMENT IN NISSAN	**83,799**
Investment in Nissan	18,304
TOTAL ASSETS	**102,103**

Shareholders' equity and liabilities (€ million)	
Shareholders' equity	30,895
Deferred tax liabilities	124
Provisions for pension and other long-term employee benefit obligations	1,771
Financial liabilities of the Automotive segment	8,393
Financial liabilities and debts of the Sales Financing segment	36,053
Other liabilities	24,867
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**102,103**

NISSAN AT DECEMBER 31, 2016

Assets (€ million)(1)	
Intangible assets	6,541
Property, plant and equipment	45,098
Investments in associates (excluding Alliance)	5,516
Deferred tax assets	1,556
Inventories	12,063
Sales financing receivables	58,457
Automotive receivables	5,621
Other assets(3)	13,269
Cash and cash equivalents	7,112
TOTAL ASSETS EXCLUDING INVESTMENT IN RENAULT	**155,233**
Investment in Renault	1,982
TOTAL ASSETS	**157,215**

Shareholders' equity and liabilities (€ million)(1)	
Shareholders' equity	45,874
Deferred tax liabilities	6,630
Provisions for pension and other long-term employee benefit obligations	3,332
Financial liabilities of the Automotive segment(2)	(1,769)
Financial liabilities and debts of the Sales Financing segment	68,135
Other liabilities(3)	35,013
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**157,215**

(1) Nissan's data converted at the closing rate at December 31, 2016: EUR 1 = JPY 123.4.
(2) The financial liabilities of the Automotive segment represent the amount after deducting internal loans receivable to the Sales Financing segment (€10,807 million at December 31, 2016).
(3) Following announcement by Nissan on November 22, 2016, of execution of tender agreement to tender its shareholding in Calsonic Kansei, all assets and liabilites 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 2016, excluding leased vehicles and batteries, amount to:

(€ million)	
Renault	2,039
Nissan*	3,970
ALLIANCE	**6,009**

* *Converted at the average exchange rate for 2016: EUR 1 = JPY 120.3*

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 €27.5 billion increase in shareholders' equity – non-controlling interests' share.

1.4 Research and Development

	2016	2015	2014	2013	2012
Net R&D expenses (€ million)*	2,284	1,990	1,636	1,516	1,570
Group revenues (€ million) as published	51,243	45,327	41,055	40,932	41,270
R&D spend ratio	4.5%	4.4%	3.9%	3.7%	3.8%
R&D headcount, Groupe Renault	18,120	16,605	16,308	16,426	17,037
Groupe Renault patents	565	479	608	620	607

* = R&D expenses – R&D expenses billed to third parties and others.

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. In 2016, a major hurdle was crossed with the start of operations on real roads for the SCOOP research project. 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. In September, a server allowing secure exchanges was inaugurated in Issy-les-Moulineaux.

Several lines of research focus on this theme of the connected vehicle, with the aim of developing intelligent systems that allow, for example, driver preferences and emotions to be taken into account when making proposals concerning the route or environment.

RESEARCH INTO AUTONOMOUS VEHICLES

In April 2016, in Amsterdam, Renault took part in a demonstration for European Transport Ministers. During this event, an autonomous Renault ESPACE demonstrated its ability to operate in peri-urban traffic and to provide periods of autonomous driving that allow the driver to carry out other tasks. This demonstration is part of Renault's strategy to keep driving pleasure at the heart of its designs, whilst allowing the driver to be freed of the task in boring or stressful driving situations, typically on highways or in traffic tailbacks. The benefits include increased road safety, reduced stress and more time for the driver.

As part of this project, several lines of research are focusing on the on-board experience in autonomous vehicles, with the driving position opening up to different functions to provide unique journey experiences.

RESEARCH INTO ELECTRIC VEHICLES (EVS)

Electric vehicle sales have demonstrated the viability of the economic model. However, electric vehicles use technologies which are still very recent and have room for significant improvement. Three areas of research are currently being explored:

- increasing battery range: technology in this area is advancing at a rapid rate. The announcement of a range of 400km for the ZOE at the Paris Motor-Show in October 2016 is an illustration of this. Research will not, however, stop there and the real objective is to further increase battery capacity, both to increase range and to reduce size and, as a result, cost;
- making EV technology more competitive: In addition to research into reducing the cost of batteries, the main focus of improvement involves electronic power components which will not only be less expensive, with 50% gains targeted, but also less bulky, while still performing better;
- developing technologies to make EVs even easier to use: research is currently being conducted into static inductive recharging, for example, which would 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) which 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.

The results of this three-year customer satisfaction plan will enable the basis for the next CSP to be built in line with the Group's new strategic plan.

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-December 2016:

Collaborative contracts signed: 82		CIFRE agreements: 84
European contracts: 43	French contracts: 39	

In parallel, 10 other projects (5 European projects & 5 French projects) are currently underway or being examined by sponsors.

Here are a few examples from the portfolio of projects:

- Odin (Optimized electric Drivetrain by INtegration – European Project);
- GMP DLC²2 (Powertrain, Diamond like carbon Designed for low CO_2 – FUI 15 Project);
- HYDIVU (Hybrid diesel powertrain for urban light commercial vehicle – Project from the French program Investing in the Future);
- ELSA (Energy Local Storage Advance systems – European Project);
- DEISUR (Modeling the effects of DEFects and Integrity of SURface on Fatigue strength in forged components – ANR project).
- SCOOP (Système COOPératif): Tests using 3,000 Vehicle to Vehicle and Vehicle to Infrastructure connected vehicles – European H2020 Project;
- EFFIC-AC Development of new air conditioning solutions to reduce their impact on vehicle consumption by 25% – French Investing in the Future program project);
- GAS'ON (Gas-Only internal combustion engines): Development of a dedicated natural gas engine with the aim of improving outputs and CO_2 savings, and development of the associated post-treatment system – European H2020 project;
- PIKAFLEX: development of autonomous robotic systems for parts picking/kitting applications (preparation of parts to be sent to the production line) – FUI 21 project;
- DIEPER: CO_2 reduction – new combustion process. Diesel efficiency improvement with Particulates and emission Reduction – European H2020 project;

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). 2016 has consolidated the new collaboration focuses, 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 areas of study were linked to the LAB, set up in 1969 and focused on accidentology, biomechanics and human behavior, and the GSM, set up in 1980, and working in:

- biofuels;
- diluted gasoline combustion;
- modeling and reducing diesel pollutants for Euro 7;
- engine/motor optimization for hybrid vehicles; and
- low-power internal-combustion engines.

The PSA-Renault EIG also contributed to the creation of two academic chairs: one on mobility and quality of life in urban environments and the other on in-car lighting systems.

The Agreement for the RAMSE3S project was signed in 2015. This provides support for GSM research work, within the framework of the Investing in the Future program. This agreement will expire during 2017. The project's results enabled the preparation during 2016 of the future five-year work plan to meet the targets for engines of the future.

♦ *GRI [G4-EC7]*

INVESTING IN THE FUTURE

One of the most ambitious economic programs launched in 2010 included a €35 billion investment for the future program launched by the French General Investment Commission *(Commissariat Général à l'Investissement)*. Since then, Renault has submitted several key high-tech projects on the following subjects:

- vehicles of the future: mobility systems, charging infrastructures, combustion drivetrain, electric vehicle drivetrain, lighter vehicles, aerodynamics and structure;
- the circular economy: recycling;
- the digital economy: software engineering.

Within this framework, Renault has entered into agreements with the French Environment Agency (ADEME) for projects that are underway in key strategic areas for the Company, mainly in the following domains:

- new materials and processes to reduce vehicle weight, for example, ALLEGRIA (Economic weight reduction through the use of aluminum), VA3 (Reduction in the weight of windows – Aerodynamics – Acoustics), and SOPRANE (Reduction in the weight of windows – Aerodynamics – Acoustics);
- reducing CO_2 emissions, for example, EFFIC-AC (Development of new air conditioning systems to reduce their impact on vehicle consumption by 25%).

During 2016, new projects were filed, and are currently being studied. They mainly concern the area of new types of mobility, in particular on innovative subjects relating to the development and use of autonomous and connected vehicles.

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[1], etc.

Renault is also a major player in projects generated and certified in these clusters, as project leader or partner.

In 2016, these three competitiveness clusters obtained 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, for a four-year period, 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 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. For Renault and CNRS teams, these new fields of investigation will include neuroscience, virtual reality, ergonomics, new materials, and catalysis.

The majority of the projects concern the sciences of engineering and systems and notably focus on combustion, material fatigue, and thermal or aero-acoustic fields.

These partnerships take the form of:

- multi-annual collaborative projects;
- activities associated with CIFRE doctorate student research topics.

1.4.2 2016 new products & associated innovations and technologies

1.4.2.1 NEW RENAULT SCENIC

RENAULT REDEFINES THE MPV

With real power of seduction, the New SCENIC's design breaks with traditional MPV codes to offer unprecedented volumes with unique 20-inch wheels and 2-tone bodywork that stand out in the segment. In keeping with its DNA, the New SCENIC meets the expectations of families and reinforces the modularity that was the key to success for the previous generations.

CUTTING-EDGE TECHNOLOGIES FOR STRESS-FREE DRIVING

Advanced emergency braking system with pedestrian detection as standard, unique in the segment.

Unique in the compact MPV segment, the New SCENIC is equipped as standard with the advanced emergency braking system with pedestrian detection (AEBS), a driver assist that activates the emergency braking in the event a pedestrian is detected. This functionality is available for a speed range from 7 to 60kph.

(1) Strategic business areas.

Advanced emergency braking with pedestrian detection:

- analyzes the vehicle's environment to detect pedestrians, both stopped or in movement and estimate their trajectory;
- alerts (visual and sound alert) the driver to a risk of collision between the vehicle and pedestrian;
- immediately operates the braking system to completely stop the vehicle in the event of imminent collision with a pedestrian, if the driver alerts are not sufficient.

The system uses data from **two sensors** with different technology: a **front camera** and a **radar**, within a single box located under the windscreen behind the interior rear-view mirror.

A first for a Renault vehicle, in addition to advanced emergency braking with pedestrian detection, the New SCENIC also offers:

- a lane keeping assist system (LKA);
- a Fatigue detection alert.

The New SCENIC also inherits the **major driver assists on the market**, present on the New ESPACE, TALISMAN and New MEGANE. These ADAS, which can be accessed and activated from the R-LINK 2 tablet, offer:

- improved safety: adaptive cruise control (ACC, 50 to 160kph);
- warning systems: lane departure warning (LDW), safe distance warning (DW), over-speed warning with traffic sign recognition (OSP with TSR), and blind spot warning (BSW);
- easier driving: reversing camera, adaptive headlight beams (AHLB), front, rear and side parking sensors, and Easy Park Assist (hands-free parking).

High-end technology

The New SCENIC benefits from the modular architecture of the CMF C/D (Common Module Family). It has many high-spec features inherited from the New ESPACE and TALISMAN and the New MEGANE.

- Connected driving thanks to the 8.7-inch R-LINK 2 tablet.

  Unique in the compact MPV segment, it has a capacitive screen with comfortable touch technology, similar to that of a smartphone or tablet;
- Customizable driving thanks to MULTI-SENSE technology.
- MULTI-SENSE is a technology that enables the driver to customize their driving experience by acting on the accelerator pedal and engine response, gear change times with an automatic EDC gearbox, steering firmness, cabin lighting, and the driver seat massage function when available;
- Color head-up display;
- The retractable color head-up display improves safety and driver comfort, making the information much easier to read and facilitating the use of driver assist systems (ASAS). For a less stressful driving experience, the screen displays useful information without drivers having to take their eyes off the road: current speed, navigation info and driver assist;
- BOSE® Surround Sound System;
- The New SCENIC benefits from specifically configured customized sound through the optimal installation of eleven high-power speakers, as well as a subwoofer integrated into the trunk to reproduce music with all its richness.

  This system provides each passenger with an immersive and authentic sound experience.

This fourth generation also offers an electrified diesel option with Hybrid Assist.

A long five- or seven-seat version completes the SCENIC range.

1.4.2.2 RENAULT ALASKAN

After the launch of the DUSTER Oroch in 2015, a pick-up with half a ton payload, Renault presents ALASKAN, a one-ton pick-up with an impressive design. ALASKAN is available in a single or double cab version, in a cabin chassis version, with a short or long truck and with narrow or wide bodywork. ALASKAN is a powerful, ingeniously-designed vehicle. Designed in France, Japan and Latin America, ALASKAN was developed as a vehicle to meet the different expectations of customers worldwide.

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 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-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 maneuvring 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.
- 5-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 7-inch screen (available in certain countries).
- 360° visibility thanks to four cameras (located on the front bumpers, exterior rear-view mirrors and tail panel) to facilitate maneuvring and avoid obstacles, on road or all-road (available in certain countries).

1.4.2.3 ZOE: THE NEW Z.E. 40 BATTERY

Already sales leader and pioneer in 100% electric mobility in Europe, Renault accelerates in the innovation and roll-out of its Z.E. zero emission strategy.

TWICE THE RANGE TO GO FURTHER

Thanks to the new Z.E. 40 battery, Renault offers the ZOE a record NEDC range of 400km, double the range at its launch. For example, in real conditions, this new range allows drivers to travel 300km on urban and peri-urban routes.

The ZOE's new Z.E. 40 battery carries useful energy of 41 kWh, almost double the storage capacity compared to the standard 22 kWh useful energy battery.

Developed in partnership with LG Chem, this battery is based on high energy density lithium-ion technology.

The engineers at Renault and LG succeeded in increasing the storage capacity of the lithium-ion battery, while keeping the same volume and a limited weight increase. The optimization comes not from adding of modules as is often the case, but by improving the chemistry in the battery cells in order to increase energy density. This major breakthrough was achieved without comprising reliability and user safety.

Moreover, the battery's significant energy capacity is directly converted into range for the ZOE, thanks to the particular care given to the battery's integration into the vehicle. The battery's electronic management optimizes ZOE's electrical consumption when driving, for maintained power. In addition, to ensure frugal operation even in very high or low outside temperatures, the new air circulation system maintains the ZOE's battery at a temperate level.

100% RENAULT DESIGN AND MANUFACTURING

Renault designed and manufactures the ZOE, along with most of its powertrain parts. It builds on its electrical expertise, acquired as both pioneer and leader in electric vehicles in Europe, and also a technical and sporting partner of the Formula E Championship. This know-how is mainly localized in France, the main region for the design and manufacturing of the Group's high value added vehicles and parts.

The new Z.E. 40, battery, along with the 22 kWh battery, is assembled at Renault's Flins (Yvelines) plant. The Renault ZOE, alongside the Renault CLIO, is also manufactured in this plant. The ZOE was designed by the designers and engineers of the Renault Technocentre (Guyancourt, Yvelines).

The R75/90 electrical engine is manufactured in Renault's Cléon (Haute-Normandie) plant, the Group's flagship plant for engine and gearbox production. Launched in spring 2015 under the name "R240", it was entirely developed by Renault and has given rise to the filing of 95 patents.

The ZOE's battery housing and front and rear suspensions are some of the 100% Renault powertrain parts. They are manufactured at the Renault Le Mans (Sarthe) plant and were designed by Groupe Renault's Chassis and Electric Vehicle Engineering department.

NEW CONNECTED SERVICES AND NEW FEATURES

EVERYDAY LIFE IS EVEN EASIER WITH THE ZOE

There are around 80,000 recharging terminals accessible to the public in Europe. To enable ZOE users to benefit from them more easily, Renault has launched two free services: Z.E. Trip to localize recharging terminals and Z.E. Pass to provide access to a maximum number of terminals.

1.4.3 Performance levers

1.4.3.1 MODULES AND COMMON MODULE FAMILY (CMF)

MODULES

In 2016, 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 149 modules introduced in 8 waves. At end-December, over 130 module contracts had been announced. These module contracts account for nearly 60% of the value of the vehicles.

The standardization level of each new project is controlled by the COCA[1] objective, 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 a joint entity reporting to the new Alliance Technology Development department. Based on the ACM (Alliance Commodity Meeting) process shared by Purchasing and Engineering, it aims to accelerate technical convergence and so enhance the Alliance's economic performance.

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 + 5 Nissan) and nearly 2 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

Systems engineering has been rolled out since 2013 in a methodical and structured way. Inspired, among other things, by the aeronautical industry, this design and development method has now been adopted by all carmakers in order to deal with the complexity of today's vehicles. Renault increased the number of functionalities or services from 300 on the second generation ESPACE, to over 900 on the New ESPACE. These functionalities are not only more numerous, but also more complex, and interdependent. The growing demand for connectivity, automation and new energy sources will only serve to accelerate this trend. Starting from a path that is clearly marked right the way from the initial (service) "requirement" to the final parts, this approach makes it possible to structure, plan and manage the design and development of systems that are increasingly interconnected with an exponential number of exchanges. Today, there are 43 systems common to both Renault and Nissan that cover the vehicles of the two brands as well as embedded information to support the services in connected vehicles.

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.

Synergies have been identified on development logics within the Renault-Nissan Alliance, enabling potential gains for each carmaker, and also with Daimler for co-development projects.

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", or the stage where the vehicle's design and technical components are selected along with the cost/value equations that best meet customer requirements.

In 2016, 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.

(1) COCA: Carry Over/Carry Across – rate of reuse of parts already developed.

CUSTOMER SATISFACTION PLAN: FROM RELIABILITY TO CUSTOMER SATISFACTION

The expertise network

The expertise network was set up in early 2010 to harness the Company's knowledge and know-how to improve customer satisfaction, strategic priorities and business performance.

This network is divided into 42 strategic areas of expertise, covering all of Renault's core businesses: product design and development, manufacturing, sales, customer and market insights, financial performance and support functions.

It comprises four levels:

- an Expert Fellow, appointed by Renault's Chairman, and a member of the Renault Management Committee. He/she is tasked with putting together highly technical files for Senior Management decisions. Responsible for defining the strategic areas of expertise, the Expert Fellow coordinates the Expert Leader network to organize production, deploy best practices to foster collaboration, and ensure that technical representation exists on standardization and regulatory bodies;
- 42 Expert Leaders, each reporting to a Business Vice-President. Expert leaders have responsibility for one area of strategic expertise. They are tasked with developing and capitalizing on the expertise, coordinating the internal network of experts, and building an external network to make this knowledge and know-how available to the Company's operational personnel;
- 168 Experts, responsible for secondary fields of expertise. They are responsible for promoting standards, filing patents, setting benchmarks and identifying relevant partners;
- 439 Consultants, responsible for a specific business activity. They improve the state of the art by establishing standards and passing on their expertise to the business-lines.

Thanks to its transversal approach, the development of the expertise network has enabled 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 expertise network regularly coordinates with the Nissan expertise network.

1.4.3.4 REINFORCEMENT OF THE INNOVATION MOMENTUM

DEVELOPMENT OF FABLABS

In 2015, the first Renault FabLab, the "Renault Creative Lab" was inaugurated. These are internal co-working areas, open to all and equipped with numerical control machines for fast prototyping (3D printers, numerical milling machines, etc.). Meetings, training sessions and workshops are organized there to stimulate the creativity of Renault employees. The aim of this open platform is to promote intra-preneurship. By adopting a start-up type operating model, FabLabs promote rapid new project achievement thanks to non-standard development processes that enable the Group to remain competitive in a constantly changing market.

In 2016, further internal FabLabs were set up in France and abroad, including in Romania, India, Korea and Silicon Valley.

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;
- through its presence in Silicon Valley, projects have been developed focusing on driver health monitoring and autonomous driving, benefiting from local university research laboratories and start-ups;
- access to the best performing cutting-edge technologies through the strategic partnership with the CEA;
- 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 connections with local eco-systems in order to be closer to new trends in these markets, through emerging start-ups;
- 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): notably, new contracts with Nutomy and Transdev.

1.4.3.5 INVESTMENTS IN R&D RESOURCES

In 2016, a €40 million investment plan was dedicated to R&D resources worldwide, of which 75% in France.

Amongst the main investment focuses:

- measurement and validation tools to prepare for the arrival of new regulatory standards, particularly for remediation and safety;
- means for development & tests to support technological changes, particularly, driver assists and the hybridization of powertrains.

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 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 chapter 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 terms of the powertrain, the example of the K9K engine from Renault technology, and used in several Nissan models, is an example of best practice which is reproduced and used systematically at the instigation of the new organization.

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 paragraphs 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, Spain, Russia, Romania, Americas) receive back-up when it comes to finding 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.

Today, the increase in skills at each of these sites allows the Group to entrust them with responsibilities for global transversal activities and to lead vehicle projects from the outset.

1.5 Risk factors ♦

The Group comprises three operating divisions, Groupe Renault Automotive (hereafter known as "Automotive"), the AVTOVAZ group and Sales Financing (RCI Banque group). Each operating division has its own risk management system.

Automotive and Sales Financing work hard to control the risks relating to their respective activities. In this chapter, the same logic is used to present these risks for both operating divisions:

- risks linked to the business environment;
- cross-group risks;
- operational risks;
- financial risks.

For the Automotive division the global risk management system is based on collaboration between the Risk Management department at Head Office, the operational risk managers at country level and the 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. However, it does not exclude the potential crises and damage that could occur as a result of the combination of the complexity of activities and the accelerated development of the business environments, which could aggravate existing risks and lead to the emergence of new risks.

This section therefore describes the main risks and the main procedures implemented by the two operating divisions, Automotive and Sales Financing the AVTOVAZ Group is outside the scope of this document, to limit the likelihood and impact of those risks.

In addition, it is emphasized that, in 2016, the Group's major risk mapping update was carried out in close cooperation with the preparations for the Group's next strategic plan so that the Group could integrate action plans to address identified operational or strategic risks right from the start. For this reason, such risks are not presented in a detailed manner in this chapter. These include risks due to inadequate anticipation of changes in customer expectations and markets (mix of powertrain technologies, automotive technologies, mobility services, etc.) and their consequences on the Group's business model, risks associated with the execution of the strategic plan and non-achievement of the Group's ambitions in the medium term with regard to the performance, quality and competitiveness of its products and services and risk of failure of AVTOVAZ's operational recovery.

1.5.1 Automotive risk factors

1.5.1.1 RISKS LINKED TO THE COMPANY'S ENVIRONMENT

GEOGRAPHICAL RISKS

Risk factors

The Group has industrial and/or commercial operations in a large number of countries, some of which could present specific risks: 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. For example, the Group is experiencing difficulties in repatriating funds from Egypt and is constrained by import controls in Algeria, slowing its expansion in these countries.

Management procedures and principles

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.

The Group also seeks to continually increase local integration at its production facilities so as to make them more competitive in the local market. The geographical distribution of Renault's industrial investments outside Europe helps to diversify the Group's risk, since GDP and solvency trends vary from region to region.

With regard to industrial investment, the Group does not hedge its exposure as a rule; however, the risk of not fulfilling its targets is taken into account when calculating the expected return on investment.

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.

The two main hedging instruments used are: bank guarantees (documentary credits, standby letters of credit and first-demand guarantees) issued by top-tier banks, and guarantees from credit insurers.

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. The aim is that manufacturing subsidiaries sell their export 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. In such cases, the exporting subsidiary is responsible for managing its risks, with business support provided by the parent company.

♦ *GRI [G4-14]*

RISKS ARISING FROM ECONOMIC CONDITIONS

Risk factors

The balance between Group sales in the Europe and Outside Europe Regions (58/42 in 2015, and 57/43 in 2016) allows the Group to take advantage of the different opportunities while limiting the risks of any regional reversal or slowdown. The three largest markets outside the Europe Region are Turkey, Brazil, India and Russia, representing 5% and 4% of Group sales, respectively.

Nevertheless, the Group's activities are still dependent on the European market in terms of sales, revenues and profit.

Management procedures and principles

The Company has put in place a number of measures to safeguard against any additional market risk. To ensure greater flexibility in terms of anticipation and action, the five Regions are led by a Management Committee comprising representatives from all the Company's business functions. Such Committees are chaired by an Operations Director, who is a member of the Group Management Committee, who manages his/her own business plan in order to contribute to the Group's performance. The Operations Director Europe is also a member of the Executive Committee, because of the importance of the region to the Company.

Specific actions are also put in place in addition to these cross-group measures.

Europe

Based on the continuing recovery in the European market, Groupe Renault has:

- defined ambitious strategic objectives to regain market share in the European market, with a focus on customers and profit; the Group benefited from the renewal of the C/D-segment line-up in 2015-2016. The Group aims to achieve/has achieved second place in Europe;
- development of production agreements with its partners (for example, production of the Nissan Micra in Flins).

Brazil and Argentina

The region continues to manage its macroeconomic risks in anticipation of 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 sales;
- the Group is seeking to balance trade across production and sales between Brazil and Argentina.

With the macroeconomic and political situation in Brazil starting to show signs of stabilization and with consumer confidence also improving, slight growth is forecast for 2017.

Russia

The Group closely monitors fluctuations in the economic environment and is preparing for a market rebound:

- a dynamic pricing policy reconciles commercial growth with management of foreign exchange movements;
- stronger local integration remains a top 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 over the next three years.

China

The joint-venture set up with Dongfeng in China began manufacturing in 2015. The joint-venture plant located in Wuhan has a production capacity of 150,000 units per year.

In addition to current operations involving imported vehicles (6,500 units in 2016), the joint-venture began marketing crossover products locally at the start of the year for the C-segment model (21,500 KADJAR) and at the end of the year for D-segment models (5,100 KOLEOS).

RISKS RELATED TO THE REGULATORY ENVIRONMENT

Risk factors

Risks linked to non-compliance with laws and regulations.

Management procedures and principles

The Company follows a structured procedure to analyze the robustness of regulatory compliance for a number of well-defined regulated areas, established by Internal Control department in collaboration with the Legal department. These include competition, fraud and corruption, environment, health-safety-working 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 reduce the exposure of the Company and its executives to the risks of criminal, administrative and financial sanctions and to protect its image.

The system is based on three types of actors:

- **the operational entities** ensure regulatory compliance via their processes, based on directives and with the support of the decision-making departments, in accordance with local regulations;
- **the decision-making departments** (Technical regulations, Legal, Human Resources, Environment, etc.) monitor regulatory compliance within their respective areas, translate regulatory requirements into internal guidelines, and apply these within their networks;
- **the Regulatory Compliance department** defines the methods and evaluates the regulatory compliance systems, with the support of the Legal department.

This system provides the Ethics and Compliance Committee with reasonable assurance that the Company is familiar with its regulatory compliance obligations and takes these into account during its activities.

1.5.1.2 CROSS-GROUP RISKS ♦

OCCUPATIONAL HEALTH AND SAFETY RISKS

Risks exist in all areas of the business: production, logistics, engineering and sales.

Groupe Renault is committed to managing, preventing and reducing the exposure of its employees to safety risks and occupational illnesses.

Guidelines:

- to organize the new central HSE division reporting directly to the Group Executive Committee;
- to have a single management system for the Group;
- to define the objectives of the Health and Safety (H&S) policy and the resources needed to achieve them;
- to define Key Performance Indicators reflecting the specific security issues that Renault faces;
- to categorize and mitigate risk;
- to combine coaching with on-site audits.

The Group has set up an H&S risk prevention program. A dedicated HSE department has been tasked with implementing the H&S Corporate Policy at all sites and in all business sectors.

For this, Renault relies on an international network of H&S experts who meet regularly to share experiences and develop their existing know-how.

The process is galvanized by the involvement of all levels of management and its support for H&S initiatives. All sites share the same policy of continuous improvement. This encourages employees and their representatives to take ownership in improving their working conditions and accordingly boost Renault's competitiveness and appeal.

The Group aims to become one of the foremost industrial companies in the area of H&S. With this in mind, Renault has taken the following steps:

2012: Launch of the action plan entitled "Quality of life in the workplace";

2013: Review of the H&S performance of major international groups to identify a benchmark;

2014: Launch of the groundbreaking Renault H&S plan, including the 10 golden safety rules (10 mandatory rules);

2015: Decision of the Executive Committee to create an HSE department;

2016: Recruitment of the HSE Director and assembly of the team.

The indicators are defined and monitored closely to ensure that the results are on target. A monthly report is sent to all levels of management.

Occupational physicians monitor staff exposure to stress and any associated psychosocial risks.

Finally, the Group implements general preventive measures to improve health and quality of life in the workplace, notably through awareness-raising and training campaigns. These campaigns deal with issues such as food safety, addiction, domestic accidents, road safety and sport, etc.

Together these measures help reduce the level of risk inherent in working environments and echo Renault's continuous improvement philosophy.

ENVIRONMENTAL RISKS

Risk factors

The Group's main environmental risks can be broken down into three categories:

- risks of accidental environmental damage as a result of the Company's activity. These mainly concern the industrial activities of the Group and its suppliers and, to a lesser extent, the after-sales service and transportation of parts and products for the manufacturing of vehicles;
- 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.);
- financial and commercial 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 manufacturing of vehicles or after-sales service.

Management procedures and principles

The identification and control of environmental risks form part of the Group's global risk management system described in the introduction to this section.

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 2.1.6.7.

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 Renault-Nissan 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 sections 2.3.2.4 and 2.3.2.5)

♦ *GRI [G4-EC2]*

Climatic, natural and industrial risks are taken into account in the Group's prevention policy (see section 1.5.1.3 "Risks linked to manufacturing" and the sub-section "Adaptation to the consequences of climate change" in section 2.6.3.1).

Measures to ensure compliance with regulatory requirements for pollutant emissions and vehicle recycling potential are fully integrated into the process to ensure vehicle approval is obtained from the relevant bodies. In late 2015, Groupe Renault also announced its decision to step up efforts to reduce vehicle pollutant emissions under real driving conditions, *i.e.* covering a much extensive range of operating conditions than that covered by the New European Driving Cycle (NEDC) regulated certification standards currently in force (see section 2.6.3.5 "Vehicle use"). Renault welcomes these regulatory changes, as well as the introduction of the new worldwide harmonized light duty test cycle (WLTC) in September 2017. The WLTC will take much better account of real driving conditions and current vehicle equipment, significantly improving the reliability of information given to customers on vehicle emissions. In the meantime, the Group has introduced tighter governance of differences between certified values and real driving emissions (RDE), measured internally for all models in the range according to a procedure modeled on the future RDE protocol. 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 paragraph on "Vehicle end-of-life" in section 2.6.2.2 and the whole of section 2.6.3.2).

The risks and opportunities associated with the tightening of regulations on greenhouse gas emissions, and in particular vehicle CO_2 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_2 emissions (CAFE positioning, etc.). These indicators are followed yearly at GEC (Group Executive Committee) level in order to examine the Group's position and outlook in the short, medium and long-term (ten years), and to define or adjust the strategy accordingly. Elements of the strategy and the main results to date are presented in section 2.6.3.1.

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. This organization is deployed throughout the network, 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).

LEGAL AND CONTRACTUAL RISKS

Risk factors

Groupe Renault is exposed to the following main 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, the environment, 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, 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 (NOx) 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 opened on 12 January 2017 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, at this stage, Renault is not in a position to assess the outcome of these investigations and their possible impact on the Group, if any.

- **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 covered by 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.

  The performance of Groupe Renault 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.

FISCAL RISKS

Risk factors

Uncertainties in the interpretation of texts or the execution of the Company's fiscal obligations.

Management procedures and principles

Groupe Renault has always adopted a reasonable fiscal policy to safeguard its shareholders' interests while preserving the relationship of trust with the States in which it operates.

Depending on their remit, Renault's central and local tax teams work with governments and implement the Group's fiscal policy, with the main objective of ensuring compliance with its national and international tax obligations.

Technical discrepancies may however be detected during audits and could lead to tax disputes, particularly due to uncertainties in the interpretation of laws or the performance of Renault's tax obligations. Where necessary, after analyzing the materiality of the risk, provisions are booked in the financial statements to reflect the financial consequences of these discrepancies.

IT RISKS

Risk factors

The Group's business depends in part on the smooth running of its IT systems. These are under the responsibility of the Renault Information Systems department, which has put in place a security policy, technical architecture and processes to control risks associated with the following:

- the service continuity of the datacenter, which contains some 5,000 servers hosting around 3,000 IT applications used by the entire Groupe Renault and partly by Nissan and our partners and suppliers;
- 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. In the Internet world, these online attacks are increasingly frequent and target all companies. They exploit new vulnerabilities, such as the Internet of things, the connected car, etc. Cybercrime can take place over the Internet or via the internal network. It may be facilitated by negligent or careless behavior;
- non-compliance with IT standards or practices required by legislation, external authorities or contracts with suppliers. The risk of exposure to this non-compliance does not cover IT activities outside the purview of the Renault Information Systems department (*e.g.* certain shadow cloud applications, etc.).

These risks can have a significant financial impact in the form of penalties or business interruption. They can adversely affect the Group's brand image and/or lead to a loss of competitive advantage.

Management procedures and principles

Risks are controlled, in particular, through the following:

- **at operational level:**
  - the existence and continuous fine-tuning of a process for defining security requirements, implemented within IT projects depending on the criticality of the applications and data used,
  - coordination of a global network of IT security experts in charge of implementing the Group's IT security policy and best practices,
  - a high level of protection for the Group's IT network, such that resources can be used safely not only by suppliers, partners and the dealership network, but also by entities based in high-risk countries,
  - compliance checks carried out jointly by Renault's Information Systems department, the Protection and Prevention department (D2P), the 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 carries 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 main business trends and changing threats and risks, our 2017 plan, based on our experience and previous achievements, focuses on the following aspects:**
  - enhanced protection of our borders, systems and sensitive data, whether stored on our intranet or in the cloud by partners and/or suppliers,
  - intranet monitoring to detect cyber attacks,
  - protection of our most sensitive data, based on our Information Management Policy,
  - user training and awareness-raising,
  - protection of connected vehicles.

RISK ARISING FROM PENSION LIABILITIES

Risk factors

The risks relating to pensions consist of the additional financing that may be required due to negative variations in its constituent parameters (workforce, discount rate, inflation, life expectancy) or the markets (impact on investments): these vary depending on the type of scheme, whether they are defined-contribution or defined-benefit schemes, with retirement indemnities or pension funds.

Approach and pension systems

Over the past ten years, Renault has developed defined-benefit plans which do not incur any other financial commitment for Renault besides the regular payment of the Company 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.

1.5.1.3 OPERATIONAL RISKS ♦

RISKS LINKED TO PRODUCT DEVELOPMENT

Risk factors

The risks linked to product development mainly relate to the balance between the product offering proposed (bodywork type, segment type, price, etc.) and market demand.

Management procedures and principles

New models and powertrains are developed based on an analysis of customer demand and expected profitability.

This is calculated based on:

- **income:** based on customer studies, sales volumes, market shares, forecast prices, and the projected life-cycle;
- **expenditure:** based on the total initial outlay for the project, the expected unit costs and projected life-cycle.

When the reference assumptions used are called into question (markets, segments, bodywork type, or a fall in volumes, increased outlay/unit costs), the expected profitability may drop.

When this profitability is downgraded, the Group may have to recognize a loss in value on the fixed assets used (investment and capitalized development costs, which are amortized over the life-cycle of the vehicle) or book a provision aimed at covering the contractual indemnities to be paid, where necessary, in the event that the minimum purchase volume is not met.

The coordination of vehicle and subsystem projects requires management of the sensitivity of profitability to variations in the income and expenditure assumptions. More specifically, the Program departments compile a list of project risks and simulate the projected positive and negative impacts to:

- highlight the robustness of projects in response to environmental changes;
- determine the countermeasures required to reduce exposure to these risks as far as possible or hedge against them.

Each vehicle and subsystem Program Director is responsible for permanently managing this risk. The risk management system is presented at each development milestone, within the Group Product and Programs department, and to the members of Group Senior Management.

From a more general perspective, to ensure the robustness of the product range plan and minimize risks, 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 and hybrid) to meet customer expectations in different markets and reflect changes in the engine mix.

In addition, the Group maintains a proactive watch on customer expectations, innovations and, more generally, its environment, in order to develop and always have a competitive technology, product and services offering, in line with changing markets and its own strategy (electric vehicles, connected vehicles, driverless vehicles, new mobility services, etc.).

SUPPLIER RISKS

Risk factors

Controlling supplier risks is a major challenge for automotive manufacturers due to the significant contribution of suppliers to the vehicle's cost price. Any default, even if this concerns just one supplier from the entire panel, can generate considerable impacts on production at the Group's plants and the development of future projects.

Renault must therefore apply a precise system to manage supplier risk across all aspects of the supplier relationship: design and development – manufacturing, logistics and quality – solvency and financial sustainability.

Management procedures and principles

The Renault Nissan Purchasing Organization (RNPO) is responsible for managing its supplier risks and uses five main systems to this avail:

- **a prevention policy** aimed at making suppliers responsible upstream 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 Risk Management and Control department, a network of financial analysts, and a dedicated Corporate Social Responsibility department. These departments work very closely with the RNPO operational purchasing managers at global level (see "CSR" section 2.1.6).

♦ *GRI [G4-DMA]*

Prevention and detection

The upstream prevention policy relates to natural disaster risks in particular. Renault and Nissan have a Business Continuity Plan, which was created following the disasters in Japan and Thailand in 2011. All suppliers complete a questionnaire annually to evaluate replacement solutions in the event of a natural disaster.

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. It contains strict steps and procedures for validation and compliance using a score chart to rate the severity of faults in parts during the design stage.

With regard to risks linked to mass production, Renault pays particular attention to capacity and quality risks.

In order to manage risks linked to capacity shortfalls on the part of suppliers, Renault uses a capacity data repository process based on an annual questionnaire to anticipate capacity requirements and solutions two years in advance.

With regard to the quality of mass-produced products, Renault has a management system that is applied by more than 300 experts worldwide. This system is based on an audit matrix common to Renault and Nissan, which has been created according to the model in ISO TS 16949.

To manage supplier risk at group, entity and plant level, the Group incorporates its own standards into operating and financial plans and uses internal and external experts as far as CSR standards are concerned (see section 2.3.2).

Operational risks are anticipated and monitored via annual ratings conducted by the buyers and experts in supplier risk, using a multi-criteria matrix to evaluate the quality of the shareholders and management, site competitiveness, their investment capacity and technological risk, as well as strategy, and commercial dependence on their main customers. RNPO rules require supplier sites to be inspected at least once a year by a member of the Purchasing department so that supplier ratings can be visually corroborated.

Financial risks are monitored by a network of Renault-Nissan analysts deployed in all countries in which the Renault and Nissan groups operate. These analysts evaluate the risk of supplier default based on a matrix of criteria common to Renault and Nissan. They compare their conclusions with scores from rating agencies, scores from Banque de France and recommendations from credit insurers, etc.

Risk management

Suppliers at risk are discussed and decisions taken by Purchasing Risk Committees. These committees exist at Group level and for each local Purchasing department. They are multidisciplinary bodies chaired by the Purchasing department and attended by all functions concerned by supplier risk: finance, legal, control, logistics, communication, public affairs and Human Resources.

The Purchasing Risk Committee determines the action plans to be implemented in collaboration with suppliers in order to reduce their risk, improve their competitiveness and ensure the long-term security of the supply chain.

Suppliers are formally notified of the need to implement action plans. The implementation of these plans is monitored by the purchasing teams responsible for controlling supplier risks, the network of financial analysts and the operational purchasing managers, notably via quarterly performance reviews. These reviews also facilitate the examination of all aspects of the supplier relationship: design, volume-handling capacity, quality, costs and logistics compliance.

RISKS RELATING TO RAW MATERIALS – SECURING RESOURCES

Risk factors

The risk identified concerns potential restrictions on the supply of raw materials due to a mismatch between supply and demand (market dynamics, sourcing issues or geopolitical reasons).

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. The Energy and Materials Strategy area of expertise was created in 2010. This expertise is mainly used by the internal control bodies (Raw Materials & Currencies Committees and Raw Material Engineering Technology Steering Committee).

Renault's expertise in this area has been harnessed to develop an objective way of defining the criticality of raw materials based on:

- supply risks and cost variations (see “Raw materials risks – securing prices”);
- the importance and impact for Renault in view of its product strategy (depending on the quantity used and purchase price).

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 where Renault is exposed, enabling strategies to be defined to secure the resources used directly or through supplier parts and components. It includes levers such as reduced usage and the introduction of internal recycling and repurposing and/or replacement processes (4R strategy: reduce, recycle, remanufacture, reuse).

The Group has been recognized for its commitment to the development of processes to recycle materials from the destruction of end-of-life vehicles, particularly through its subsidiary INDRA (a joint-venture with Suez Environnement), the collection and processing of parts and materials through its subsidiaries Gaia (automotive sector) and BCM (metal waste), and with innovative partners such as the European Life+ ICARRE95 project, which ended in 2015 (these different activities are described in more detail in section 2.6.3.2 on “Resources and the Circular economy”). Together these operations help to secure the supply of materials for the Group (recycled polypropylene, aluminum, copper, platinum, palladium, rhodium, etc.). They are managed by Renault Environnement.

The expertise developed by Renault on criticality analysis methodology has become a benchmark. France's Interministerial Committee for Strategic Metals (*Comité Interministériel pour les Métaux Stratégiques*, COMES) notably asked Renault to oversee an industry-wide working group to identify and assess the needs of French industries for strategic raw materials from 2011 to 2014. All industry sectors have been offered a tool for self-diagnosing exposure to raw materials risk. This tool is continually being improved. Renault remains closely involved in related initiatives (updating the criticality matrix at European level), for example through cross-group committees working in tandem with public authorities. This can form the basis of a holistic, forward-looking approach to risk management, with public authorities providing support for any priority actions needed.

RISKS LINKED TO MANUFACTURING FACILITIES

Risk factors

The Group's exposure to industrial risk is potentially significant as a result of the production of certain vehicle models and components being concentrated at one or two sites (see the table of manufacturing sites in section 1.1.5.4) and the interdependence of its production facilities.

Management procedures and principles

For more than 25 years, in consultation with its insurers, the Company has therefore adopted an ambitious and rigorous prevention policy, which is now applied at all production sites. This policy covers personal safety as well as property security and business continuity.

For many years, the Group has endeavored to reduce the risk of fire, explosion and machine breakdown, giving priority in this effort to production sites, as well as engineering and testing centers and the most strategically important logistics platforms. Most existing 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 within the industrial, engineering and logistical scope covered by Groupe Renault's accident insurance program have received the "Highly Protected Risk" rating from the Group's insurers, in recognition of efforts made and in line with the HPR program roll-out plan. 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.

Risks linked to natural disasters such as storms, flooding, typhoons (mainly in South Korea) and earthquakes (particularly in Romania, Chile and Turkey) are incorporated into the Group's prevention policy. Since 2008, structural building reinforcement and efforts to secure facilities and industrial plant have been undertaken at sites where there is a risk of earthquakes, as well as organizational measures such as training and emergency drills.

The implementation of this prevention policy is supported, in particular, by a specialized central team that works with the Group's insurers to define and update standards for worldwide application, as well as taking part in all projects to modernize or extend existing plants or open new ones. This France-based central team is supported by regional hubs in Spain, Romania and South America, as well as a network of field teams at each production site.

Alongside the systems and policies (described in section 2.6 "Environment") put in place to reduce the environmental impact of vehicles in the design, manufacture, operation and recycling phases, environmental risk at Renault also covers environmental impacts arising from malfunctioning facilities and pollution caused by past activities at sites.

Renault has put in place an ISO 14001 certified environmental management system to guard against environmental risk. Since 2005 the system has been integrated into the Alliance Management Way (AMW) through the management of chemicals and waste at workstations.

A team of business specialists coordinates the tasks performed by the system. These specialists are supported at each production site by a network of local teams. Techniques and structures for identifying risks, quantifying their impact, organizing prevention and protection, and defining controls are implemented at all the Group's manufacturing sites.

Methods and tools have been defined for all management stages: risk identification, choice of prevention and/or protection solutions, management and training procedures.

A scorecard of environmental and energy impact data is also audited by the statutory auditors.

RISKS LINKED TO THE DISTRIBUTION NETWORK

Risk factors

The financial health of the independent dealer networks poses a significant challenge 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, as well as by 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 direct the network's productivity to proactively manage this risk.

Monthly meetings of the Risks Committees are organized at country level, with RCI, 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.

INSURING AGAINST 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. The Insurance department is actively involved in defining the Group's prevention and protection policy. 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 €1.75 billion per claim 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;
- civil liability: the Group buys a capacity of €260 million to cover general civil liability and civil liability related to products and repairs performed by Renault Retail Group commercial subsidiaries. Specific civil liability cover relating to the environment has been subscribed for €30 million.

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 enabled the Group to keep the cost of insurance services from outside insurers almost constant, despite the Group's continuous expansion in international markets.

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. It provides protection for depots exposed to natural hazards such as storms and hail, in particular in France, Slovenia, Brazil, Spain and Algeria, using appropriate means, such as nets or the installation of photovoltaic panels;
- 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.

Separately from the global programs of Renault or the Alliance, the AVTOVAZ Group is covered by policies negotiated locally with leading insurers to take advantage of Russian market capacity.

1.5.1.4 FINANCIAL RISKS

RISKS RELATING TO RAW MATERIALS – PRICE GUARANTEES

Risk factors

Renault's financial risk relating to raw materials is due to the fact that purchasing prices can vary quite significantly and suddenly, with no guarantee that increases can be recovered from vehicle sale prices.

Management procedures and principles

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. This type of contract is used for raw materials that are not indexed in the financial markets. The second is to hedge risks linked to indexed materials. The Group relies on its Renault Finance subsidiary to execute these hedging transactions in the financial markets. Over-the-counter cash-settled swaps are used for these hedging operations. In 2016, Renault hedged a maximum of 70% of the monthly purchase volumes of aluminum, lead, copper, palladium, platinum, nickel and Brent, as soon as prices on the financial markets dropped below the thresholds validated by the Chairman and CEO.

In order to monitor changes in the price of raw materials more closely and examine future trends, an ad hoc committee, – the Raw Material and Currencies Committee (RMCC) – is responsible for setting guidelines that all corporate functions must follow, particularly the Purchasing department. The RMCC is a joint committee of the Alliance. It is chaired by the Managing Director of the Renault-Nissan Purchasing Organization (RNPO) and involves functions such as the Strategy and Planning department and Renault Finance.

A Raw Material Operational Committee was also created in late 2010. This committee is also chaired by the Managing Director of RNPO and meets on a monthly basis. It deals more specifically with operational problems relating to the purchasing of raw materials for Renault. All opportunities are examined to reduce the impact of raw materials on Renault's results (*e.g.* introduction of buy/sell-back). The Raw Material Operational Committee also ensures that any fall in prices on the raw materials market is reflected in lower purchasing prices of parts.

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.

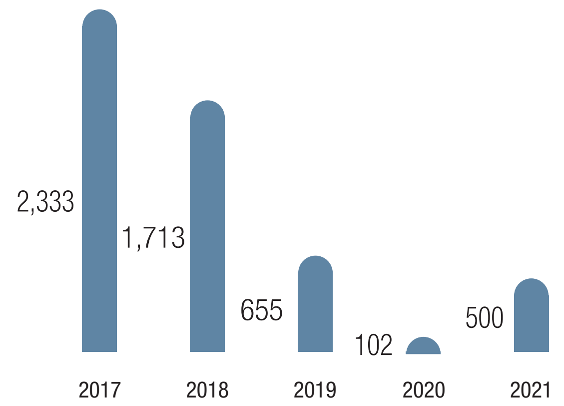
Management procedures and principles

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 commercial paper 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 SA – MATURITY SCHEDULE FOR REDEMPTION OF BONDS, BANK AND EQUIVALENT DEBT FOR THE AUTOMOTIVE DIVISION (EXCLUDING AVTOVAZ) AT DECEMBER 31, 2016 (1)



(1) Nominal amounts valued at December 31, 2016 in million euros.

Renault also has credit lines confirmed with banks, none of which had been drawn in 2016. 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 committed 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	Stable	02/18/2016	Ba1/NP outlook positive
S&P	BBB-/A-3	Positive	04/19/2016	BBB-/A-3 Stable
Fitch	BBB-/NR	Positive	11/04/2016	BBB-/NR stable
R&I	BBB+	Positive	11/21/2016	BBB+/Stable
JCR	A-	Stable	12/09/2011	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 2016, a 1% appreciation in the euro against all other currencies would have an impact of -€58 million on its annual operating margin.

RENAULT – ANNUAL NET AUTOMOTIVE OPERATING CASH FLOWS IN FOREIGN CURRENCIES AT DECEMBER 31, 2016 AND IMPACT ON THE OPERATING MARGIN

The main exposure in 2016 concerned the pound sterling, amounting to a sensitivity of around -€16 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	1,629	(16)
US dollar	USD	1,318	(13)
Argentinean peso	ARS	800	(8)
Polish złoty	PLN	635	(6)
Russian rouble	RUB	579	(6)
Algerian dinar	DZD	575	(6)
Swiss franc	CHF	394	(4)
South Korean won	KRW	(546)	5
Japanese yen	JPY	(714)	7
Turkish lira	TRY	(757)	8

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. 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 and do not exceed some tens of millions of euros, and are managed in such a way as to avoid material impacts on Renault's consolidated results.

Share in the net income of associated companies: on the basis of their contributions to 2016 net income, a 1% rise in the euro against the Japanese yen or the Russian rouble would have decreased Nissan's contribution by €17 million and reduced the loss contributed by AVTOVAZ by €1 million.

These impacts correspond only to the impact of euro fluctuation on the contribution these entities make to Renault relative to their operating currency; it excludes the inherent impact of euro fluctuations on the entities' own financial statements, given that those two groups both do 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 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 rates are swapped to floating rates to maintain a balance between floating rate liabilities and floating rate assets. Furthermore, yen-denominated financing to hedge Nissan's net worth is taken out at fixed rates.

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, 2016 (WITHOUT RENAULT REDEEMABLE SHARES)

(€ million)		Less than 1 year	More than 1 year	Total
	Fixed rate	234	85	319
	Floating rate	12,276	0	12,276
Financial assets		**12,510**	**85**	**12,595**
	Fixed rate	3,292	2,785	6,077
	Floating rate	1,649	386	2,035
Financial liabilities before hedging		**4,941**	**3,171**	**8,112**
	Fixed rate/Floating	1,300	316	1,616
	Floating rate/Fixed	7	210	217
Hedgings		**1,307**	**526**	**1,833**
	Fixed rate	1,999	2,679	4,678
	Floating rate	2,942	492	3,434
Financial liabilities after hedging		**4,941**	**3,171**	**8,112**

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 internal control 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 in order to spread risks and mitigate systemic risk. Furthermore, they are principally made on an overnight basis or for durations not exceeding 90 days.

In 2016, the Group suffered no financial loss as a result of the failure of a banking counterparty.

The Group does not trade in the credit derivatives market.

1.5.2 Risk factors linked to sales financing (RCI Banque S.A.)

As indicated in the introduction to section 1.5, 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 since January 1, 2016.

1.5.2.1 RISKS LINKED TO THE COMPANY'S ENVIRONMENT

GEOGRAPHICAL RISKS

Risk factors

RCI Banque has operations in several countries. It is therefore subject to 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.* 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 consolidating management and control systems.

RISKS LINKED TO THE REGULATORY ENVIRONMENT

Risk factors

Regulatory measures could 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 affecting all of its activities and to ensure that the Group complies with regulatory requirements.

1.5.2.2 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 with five levels of criticality.

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 Controllers check the level of compliance and adequacy of management checks;
- level 3: auditors regularly audit 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, IT risks.

LEGAL AND CONTRACTUAL RISKS

Risk factors

Any legislative changes impacting credit lending and insurance at the point of sale as well as regulatory changes linked to banking and insurance activities could 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 uses a tax monitoring system and review chart to identify all tax issues concerning the Group.

RCI Banque closely monitors the fiscal claims to which it may be subject and, where necessary, it makes provisions to cover the estimated risk.

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, cybercrime, etc.) through its governance, security policy, technical architecture and processes.

Management procedures and principles

Risks are controlled, in particular, through the following:

- a high level of protection for the Group's IT network;
- coordination, monitoring and day-to-day management of the Group's Information Management Policy;
- security awareness-raising activities and training (e-learning, communications, etc.);
- actions, support and checks performed by the RCI Information System Security Officer, who relies on a network of IT Security Officers in each subsidiary's Information Systems department;
- a Group IT security policy and a holistic approach to IT security management;
- an increasingly stringent intrusion testing and surveillance policy;
- disaster recovery plan (DRP) testing for RCI subsidiaries.

1.5.2.3 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 (see section 1.5.2.2.1).

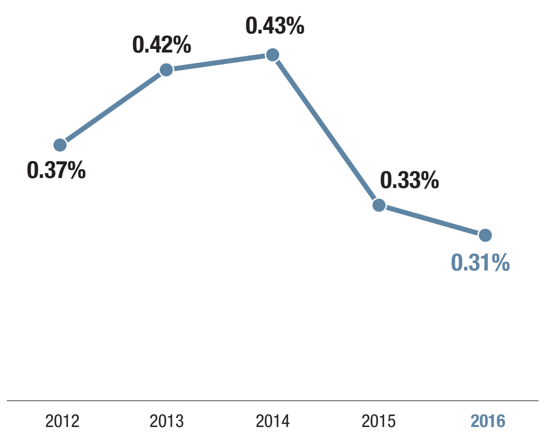
The Group has detailed management procedures that it applies in all countries in which it operates and which notably include debt recovery processes.

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)



N.B. Ratio of losses recognized or provisioned during the financial year following default by borrowers to average productive assets 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.

Recovery

The statistical models used to calculate the weighted risks and expected loss facilitate monthly updates of the probability of default used to grant loans, by integrating information on 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 customer information, recovery scores have been deployed in Spain, South Korea and Brazil to 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, allow 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 delinquent, 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.

The probability of default and the expected losses resulting from Basel are factored into the system resulting in provisioning.

1.5.2.4 FINANCIAL RISKS

LIQUIDITY RISKS

Risk factors

The Sales Financing business depends on access to financial resources: restrictions on access to liquidity could have a negative impact on its financing business.

Management procedures and principles

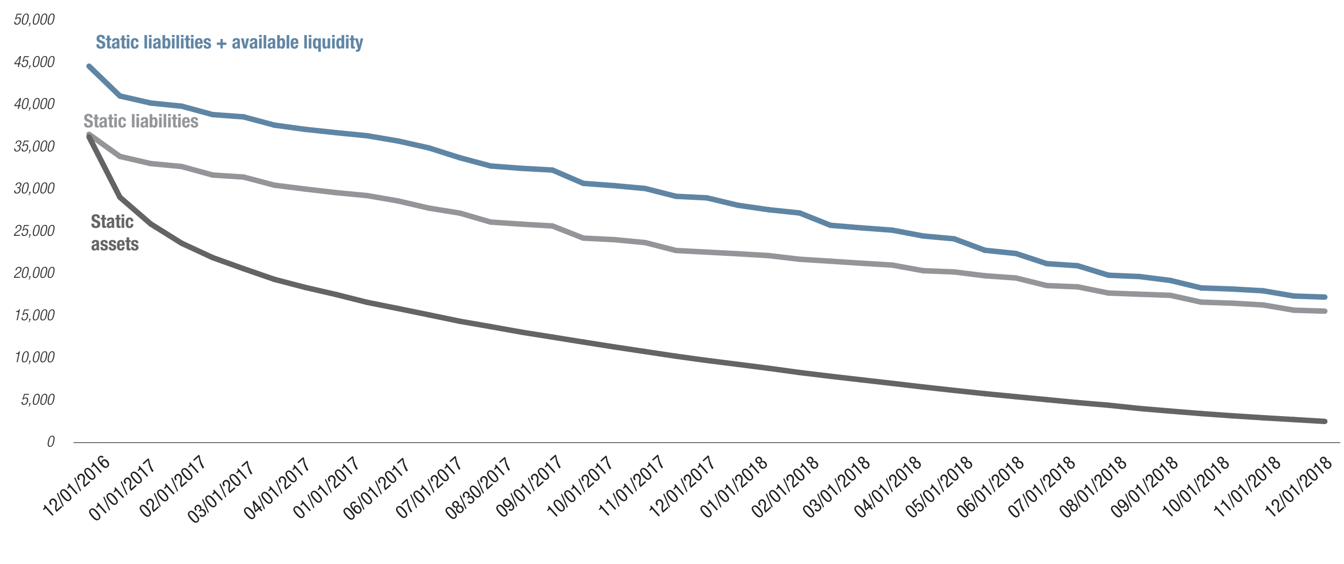
RCI Banque must always have sufficient financial resources to ensure the long-term future of its business and development.

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

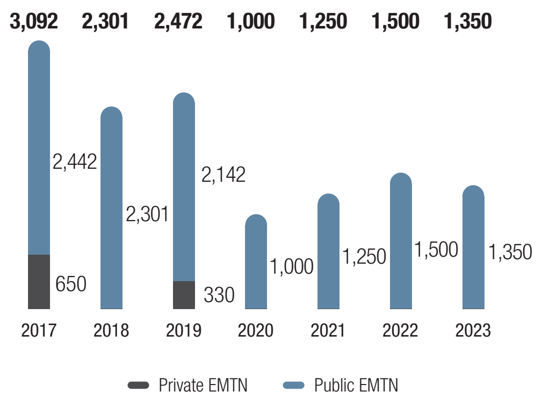
€ million at December 31, 2016



* *Europe scope.*

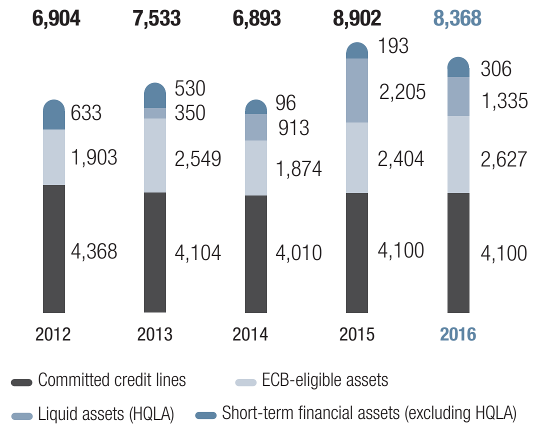
SCHEDULE FOR BOND ISSUES FROM RCIH AT DECEMBER 31, 2016

€ million



RCI BANQUE GROUP LIQUIDITY RESERVE *

€ million



* *Europe scope.*

RCI BANQUE RATINGS AT DECEMBER 31, 2016

RCI Banque group's programs and issuances

The group's issuances are concentrated on six issuers : RCI Banque, DIAC, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co Ltd (South Korea), Banco RCI Brasil (Brazil) and RCI Finance Maroc.

Issuer	Instrument	Market	Amount	S & P	Moody's	Other
RCI Banque S.A.	Euro CP Program	euro	€2,000m	A-2 (stable outlook)	P2 (stable outlook)	R&I : A-2 (positive outlook)
RCI Banque S.A.	Euro MTN Program	euro	€17,000m	BBB (stable outlook)	Baa1 (stable outlook)	R&I : BBB+ (positive outlook)
RCI Banque S.A.	NEU CP* Program	French	€4,500m	A-2 (stable outlook)	P2 (stable outlook)	
RCI Banque S.A.	NEU MTN(2) Program	French	€2,000m	BBB (stable outlook)	Baa1 (stable outlook)	
Diac S.A.	NEU CP(1) Program	French	€1,000m	A-2 (stable outlook)		
Diac S.A.	NEU MTN(2) Program	French	€1,500m	BBB (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS 1,400m		Aa2.ar (stable outlook)	Fix Scr : AA (arg) (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW 1,215bn(3)			KR, KIS, NICE : A+
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL 2,844m(3)		Aaa.br	
RCI Finance Maroc	BSF Program	Morrocan	MAD 1,000m			

(1) Negotiable European Commercial Paper (NEU CP), new name for Certificates of Deposit.
(2) Negotiable European Medium-Term Note (NEU MTN), new name for Negotiable Medium-Term Notes.
(3) Outstandings

RCI Banque (Europe scope) also has €4.1bn of undrawn committed credit lines, €2.6bn of assets that constitute eligible collateral for ECB monetary policy operations, €1.3bn of high-quality liquid assets (HQLA) and €0.3bn of short-term financial assets, allowing RCI Banque to secure the continuity of its commercial business activity for over 10 months without access to external sources of liquidity (centralized refinancing scope).

FOREIGN EXCHANGE RISKS

Risk factors

RCI Banque is exposed to currency risks which could 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, 2016, the RCI Banque group's consolidated foreign exchange position amounted to €8,85 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 2016, RCI Banque's overall sensitivity to interest rate risk remained below the limit set by the Group (€40 million, increased to €50 million from December 6, 2016 to take into account changes in the size of the RCI Banque balance sheet).

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.

1.5.2.5 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

Reserves are calculated statistically to cover expected losses.

The change in technical provisions for our life and non-life insurance companies during 2016 represented €58 million for €273 million in gross premiums written.

Risk exposure is however limited by the diversification of the portfolio of insurance and reinsurance contracts and the geographical zones in which the contracts are taken out.

The Group applies a strict selection process for contracts and adheres to subscription guidelines and uses reinsurance agreements.

1.6 Post Balance Sheet events

None.

Zoe, the best-selling electric vehicle in Europe and now with a record range of 400 km(1).

With a 25% market share, one in every four electric vehicles sold in Europe is a Renault(2).

(1) On the standardized NEDC certification cycle, i.e. 300 km in actual urban and suburban use.
(2) Excluding Twizy.

Renault: a responsible company

02

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

As an industrial or commercial operator with a presence in 125 countries, Groupe Renault operates in an industry which requires major capital-investment and infrastructure, and a sizable labor force, and where products development sometimes take several years.

In a changing world, addressing corporate social responsibility stakes means strengthening business-society relationship on a global scale; taking into account long-term challenges so as to better serve the interests of future generations; or even 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 by reducing the negative impacts.

2.1 Renault, a responsible company committed to sustainable development

2.1.1 CSR and strategic plan

Renault 2016 – Drive the Change was developed to deliver growth for the Group and generate sustainable free cash flow.

CSR policy contributes to the seven key drivers that the Group uses to reach its objectives:

- **pursuing a policy of innovation.** Businesses with a proactive approach to the seamless incorporation of social responsibility into their corporate strategy can set themselves apart from their competitors. Renault's CSR policy must balance incremental and reassuring growth in terms of processes, products and services on the one hand, with breakthrough innovation stemming from corporate social responsibility, on the other. Although potentially destabilizing, this capacity to work on two levels may prove to be what sets the Company apart from its competitors in the future;
- **a robust product plan.** The dialog established between Renault and its customers worldwide with a view to understanding and taking into account their needs, as well as forward-looking research into trends in automotive products and mobility in general, enable the Group to develop the right products for a mobility landscape that is in a state of change. Renault is positioned as a volume carmaker, capable of meeting the needs of a wide-ranging customer base;
- **strengthening the Groupe Renault image.** The Company's highest profile CSR initiatives help to strengthen the Company's image and reputation. By raising stakeholders' awareness of its CSR policy and responsible products, the Company raises its appeal and improves its resilience;
- **the excellence of our network in managing customer relations.** In the past it was necessary to understand the customer in order to design products and services. In today's constantly changing, super-connected and hyper-competitive world, customers' needs and expectations have to be anticipated and carefully targeted, whilst at the same time building a special relationship based on local presence, trust and respect. This special relationship is built on ethical and transparent behavior, responsible products and services that echo customer values and, of course, impeccable quality;
- **optimization of R&D and investment expenditures.** As a result of the interdisciplinary and forward-looking nature of our CSR policy, we have had to decompartmentalize our operations in view of medium and long-term considerations. This reinforces our shared responsibility and collaborative construction approach, both internally and externally. For example: the inclusion of recycled materials in vehicle design, an environmental and economic challenge, has been instrumental in the development of Company processes, including R&D;
- **reducing costs.** Short and closed-loop working to counter the challenges of the growing scarcity and increasing cost of raw materials, the reduction of our carbon footprint, employee motivation and involvement, reduction of occupational road risk, opportunities arising from reverse innovation: these are all CSR topics that make a direct contribution to controlling costs for the business;
- **steady positions in Europe and international expansion.** With the tightening of environmental regulations and the constraints imposed both *via* European standards and by local authorities (low emission areas, etc.), the development and promotion of products and services that incorporate and respond to such constraints are determining factors in the Company's prosperity. Likewise, recognizing the mobility requirements of consumers whose needs have so far not been met by our standard product offering is enabling us to expand and strengthen our customer base. The Group's CSR policy reflects its international expansion. Through in-depth dialog with major stakeholders, both inside and outside the Company, the Group is working to develop its positioning in terms of product, services, image and appeal on new markets, offering the same level of demand as on traditional markets.

Renault's CSR ambitions for the years to come are not fully described in this Registration document because they are related to the Groupe Renault strategic plan (2017-2022 period), which will be revealed only after the publication of this Registration document.

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.

CARLOS GHOSN, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF RENAULT

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 emission 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 which contribute both to the long-term future of the Company and also 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.

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 opportunity;
- 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.

♦ *GRI [G4-1]*

2.1.3 CSR, a deep-rooted tradition

Renault did not wait until the 1990s and the emergence of the concept of sustainable development to act responsibly towards the societies and ecosystems in which it operates. Initiatives concerning employee welfare, society and the environment have long been engrained in the Company.

- ● SOCIAL
- ■ ENVIRONMENTAL
- ✱ SOCIETAL

1900 1950

- ● Caisse de secours mutuel (1904).
- ● Medical Service (1914).
- ● Usines Renault consumer cooperative (1916).
- ● Usines Renault apprenticeship school (1919).
- ● First company to have a Works Council (1944).
- ■ Standard exchange activity (refurbishment of mechanical parts) at the Choisy-le-Roi plant (1949).

1951 1960

- ✱ Physiology and Biomechanics Laboratory (1954).
- ● Labor deal: payment for public holidays, third week of paid vacation and introduction of a supplementary pension plan (1955).
- ✱ Renault Argentina Foundation providing innovative environmental and mobility initiatives (1960).

1961 1970

- ● Renault's industrial hygiene laboratory closely monitors the chemicals used in Renault plants (1962).
- ● Fourth week of paid vacation, retirement at 61 for women and 63 for men (1962).
- ● First foundation in Spain to fund scholarships for employees' children (1963).
- ✱ Accident Analysis and Biomechanics Laboratory Renault / PSA – LAB (1969).
- ■ First purification plants on production sites (1970).

1987

- ■ The Renault VESTA 2 concept car hits record fuel efficiency of 2 l/100km.

1989

- ● Signature of the 'Living Agreement' to ensure the ongoing development of Renault and the professional, personal and cultural advancement of employees.

1998

- ■ First certification of environmental data by the Statutory Auditors.

1999

- ■ First ISO 14001 certified plants.

1999 2004

- ■ Renovation and environmental upgrading of the Pitesti plant (Romania) following the acquisition of Dacia.

2000

- ✱ Launch of Sécurité Pour Tous (Safety for All), an international road safety program for children.

2001

- ✱ Fondation d'Entreprise Renault for higher education.

2004

- ■ First Life Cycle Assessment (LCA) of the Scenic II.
- ● Signing of the Declaration of Employees' Fundamental Rights and the Diversity Charter.

2007

- ■ Launch of the ECO2 label, based on three environmental criteria (manufacturing, emissions and recycling).

2008

- ■ Creation of Renault Environnement and acquisition of a stake in Indra (automotive recycling).

2009

- ✱ Sustainable Mobility Institute, Renault - ParisTech.
- ● The 'Crisis-Period Labor Deal' establishes a welfare system to maintain the jobs and pay of employees placed on short-term working.

2010

- ✱ Renault launches corporate philanthropy website.
- ✱ Instituto Renault do Brasil to implement CSR initiatives in Brazil.

2011

- ■ Renault is a founding partner of the Ellen MacArthur Foundation for the circular economy.
- ■ Launch of the 100% electric range: Kangoo Z.E, Fluence Z.E., Twizy.
- ● Skills and Employment Planning Agreement, designed to adapt the Company's skills to its strategy requirements and develop staff employability.
- ✱ Safety for All becomes Safety and Mobility for All, integrating sustainable mobility".

2012

- ■ Tangiers plant, designed on the basis of carbon-neutral technologies and zero industrial effluent discharge.
- ✱ Creation of Mobiliz Invest (social enterprise investment fund).
- ✱ Renault Spain Foundation for sustainable mobility.

2013

- ■ Marketing of ZOE.
- ■ Renault's carbon footprint(1) is 10% lower than it was in 2010.
- ✱ Renault contributes to the 'Positive Economy' report commissioned by the French president.
- ● Contract for a new dynamic of growth and social development in France.
- ● Global framework agreement for sustainable growth and development.

2014

- ■ Continuing the carbon footprint commitment with a new target of a 3% yearly reduction between 2010 and 2016.
- ■ Eolab concept car posts consumption of 1 l/100km without any compromise on performance.
- ✱ Launch of Foundation Renault Colombia.
- ✱ Opening of the Foundation Renault in Algeria and China.
- ✱ Signature of the Company and Neighborhoods Charter.
- ✱ Launch of a 'serious game' in road safety.

2015

- ■ Renault-Nissan Alliance is a COP21 partner.
- ■ Group Carbon footprint(1) per vehicle sold reduced by 17,2% between 2010 and 2015, one year ahead of 2016 deadline.
- ■ Launch of the new Renault ECO2 label in Europe.
- ✱ Launch of the Renault Mobiliz Solidaire employee savings fund (FCPE).
- ✱ Renault Morocco - Elected best corporate citizen and best road safety partner.
- ● Korea agreement - preserve RSM competitiveness, employment stability and employee quality of life.

2016

- ■ Renault European leader in sales of 100% electric vehicles for the 4th consecutive year
- ■ New ZOE Z.E.40 with a record driving range of 400 km(2).
- ■ Renault-Nissan Alliance official COP22 passenger car partner in Marrakech (Morocco).
- ✱ Renault signatory of the French national call for companies in favor of Road Safety at work.
- ✱ Launch of the new Scenic and Koleos 5 stars EuroNCAP.
- ✱ 15th anniversary of the Renault Foundation, dedicated to education.

(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 ♦

Based on the CSR vision presented in section 2.1.2, the CSR strategies and key policies of the Company are rolled out according to four priority areas: mobility for all, environment, road safety and human capital.

These broad sectors report to the Chairman and CEO or a member of the Group Executive Committee and are coordinated by three operational entities which design and implement policies and related objectives, identify and manage risks and opportunities, enter into dialog with stakeholders and deal with reporting and communication:

- the Corporate Social Responsibility department is responsible for the Group-wide implementation of an interdisciplinary and partnership approach to CSR throughout the value chain, social 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 (GEC) 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, 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.

2.1.5 Guidelines and standards ♦

Renault complies with international standards designed to 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 OECD Guidelines for Multinational Enterprises, updated on May 25, 2011;
- the global framework agreement covering corporate social responsibility, signed on July 2, 2013 and based in particular on ILO standards; as well as its roll-out to suppliers;
- ISO 26000, guidelines on corporate responsibility;
- 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 SUPPORT

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

♦ *GRI [G4-DMA, G4-34, G4-15, G4-56]*

2.1.6 Stakeholder dialog ♦

With its Drive the Change 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.

Identifying stakeholders and the dialog with them helps the Company to take current and future issues into consideration in its strategy, its risk control, the identification of opportunities, determining priorities for its activities and, finally, in creating the right measurement and reporting tools.

The road map of stakeholders and types of engagement appearing below provides an overview of Renault's initiatives.

Stakeholders	Key CSR stakes	Key players by degree of closeness	Forms of dialog and communication from most to least direct
Customers	• Road user safety • Vehicle safety • Connected and/or autonomous vehicles • Vehicle carbon footprint (full life cycle) • Sustainable cities (including urban mobility and congestion) and Smart Mobility • Cyber security and data privacy • Product and service affordability • Product and service physical accessibility • Passenger health	• Retail and business customers • Sales network and importers • Consumer groups • Road users/general public	• Services and direct dialog in the sales network • Customer Relations department • Training/awareness-raising initiatives • Certification, product ratings (ECO2, EuroNCap) • Media and web-site
Employees	• Employee health & safety and work environment • Responsible management • Stakeholder dialog • Diversity and equal opportunity • Compensation and benefits • Skills management	• Individual employees • Managers • Employee representative bodies	• Local management • Policies regarding Environment, Health and Safety, etc. • Local employee dialog (site, country) • Groupe Renault Works council • Internal communications and training
Suppliers	• Supplier and dealer relations • Resource management, carbon footprint and circular economy • Passenger health • Human rights • Innovation	• Suppliers • Industry bodies (CCFA, FIEV, French automotive industry platform (PFA), Fonds d'Avenir Automobile, former Modernization Fund for Automotive Suppliers)	• Circulation of CSR guidelines: *Renault-Nissan CSR Purchasing Guidelines for suppliers, Green Purchasing Guidelines* • CSR performance evaluation, support for the preparation of action plans by the dedicated Purchasing team • Supplier Information Meetings (SIM), conventions • Organization of supplier presentations on innovations, for the attention of Renault operational staff • PFA CSR Charter • PFA CSR Committee
Investors	• Corporate governance • Labor relations, societal and environmental performance • Impacts on results and outlook	• Shareholders, employee shareholders, financial institutions • Rating agencies/analysts	• Seminars, roadshows • Investor Relations department • Responses to rating requests • Group Registration document
Local communities	• Industrial site safety management • Community and local development • Impact of vehicles and industrial sites on air quality • Sustainable cities (including urban mobility and congestion) and Smart Mobility • Water and waste management • Sponsorship • Stakeholder dialog	• Local residents • Elected officials and local authorities • Local associations	• Partnership/local sponsorship contracts • Regional development Charters and agreements • Dialog with public authorities and local economic actors • Direct dialog and plant tours • Procedures for handling complaints from local residents • Site environmental leaflets, local media relations
Institutions and associations	• Stakeholder dialog • All societal and environmental stakes	• Industry bodies (CCFA, ACEA, ANFAC, etc.) • Employers' associations (Medef, Afep, Business Europe, etc.) • Academics and researchers • Governments • National, European and international legislators • NGOs/think-tanks • Media	• Partnership contracts (Ellen MacArthur Foundation, research institutes) • Involvement in government or trade association working groups on different topics • Responses to public consultations • Informal discussions • Sector stakeholder dialog
Future generations	• Vehicle carbon footprint (full life cycle) • Skills management • Community and local development • Product and service affordability • Biodiversity • Diversity and equal opportunity • Road user safety	• Interns, apprentices and future employees • Students in higher education • Academics and researchers • Young public	• Company induction • Talks in schools/on Renault sites • Education and research programs • Awareness-raising programs • External events (conferences, seminars, forums, etc.)

♦ *GRI [G4-DMA, G4-16, G4-18, G4-24, G4-25, G4-26, G4-27, G4-LA16, G4-HR12, G4-SO1, G4-SO2]*

2.1.6.1 CUSTOMERS

The match between Renault's Products and Services and customers' needs and expectations, whether they are individuals or professionals, purchasers of new or used vehicles, is at the heart of our concerns and the organization of our teams.

Over a number of years, Renault has implemented a system of studies, clinical tests and satisfaction surveys from design up to delivery of the vehicle and its subsequent use.

The Market Intelligence department, directly attached to the Product-Program Director, a member of the Group Executive Committee, carries out all the studies designed to take into account customer expectations at all stages of design of a vehicle project, on a worldwide level. This background work focuses on four "types" of studies and interactions:

- prospective studies, to analyze the potential changes in lifestyles and expectations over the next 10-15 years. Studies to identify trends before projects are decided. Environmental issues are clearly integrated into the reflections from this early stage of thinking;
- "Design support" studies to support the upstream design phase for new projects and innovations, by associating customers in an in-depth way, *via* "co-creation" studies ("ethno-concept" studies) where a qualitative customer sample works in interaction with Renault to help finalize car concepts that best meet their expectations;
- "Project" test studies to check that the project corresponds to these expectations before the commercial launch, and to optimize it before its roll-out;
- finally, "post-launch" tests, and in particular those steered by the Quality department, on the satisfaction and possible defects to be corrected, for which the Market Intelligence department ensures the treatment and/or technical expertise.

In 2015, the creation of the Quality and Customer Satisfaction department, attached to Groupe Renault Executive Committee, strengthened Customer representation in the Company's processes, operations and decisions.

Renault has deployed a management structure dedicated to listening to customers in all markets to address the changes in automotive uses by our customers, who are increasingly connected and concerned about the seamless provision of services with their daily lives, whether they are in the vehicle or connected to the management of their mobility.

Customer information also involves responsible communication, both in terms of formats or content of the message. Details of our customer relations appear in 2.3.3.

2.1.6.2 EMPLOYEES

It is Renault's ambition to create the conditions for in-depth and transparent dialog at all levels with employees and their representatives. The Company encourages negotiation to promote decision-making at grassroots level and to optimize preparation and management of change by seeking the best balance and convergence of interests between each party.

Central to the Group's Human Resources policy, social dialog is addressed in the chapter on Labor Relations (see section 2.4.4).

CSR topics are often the subject of internal communications (intranet, Global in-house magazine) in order to build employee commitment and raise awareness of and highlight Renault's progress in these areas. Environmental communications are showcased at events to launch new products and services (presentations, exhibitions and vehicle test-drives), technological innovations (Innov'days) and special events (Environment Day).

Virtual communities have been set up to allow interactive communication with employees who are interested in these topics:

- Women@Renault: to promote gender equality in Groupe Renault.

  Launched 7 years ago and present in 14 countries, this network has over 5,000 members, 25% of whom are men. It has always been open to both men and women, as well as to all categories of staff. Its aim is to boost the number of women at all levels of the business, while increasingly involving men in the process (see section 2.4.2.1);
- Handi@Renault: to promote Groupe Renault's disability policy.

  Launched in 2012, this network today has over 1,400 members. Its goal is to change the way people look at disability by increasing discussion opportunities between able-bodied and disabled people, with the aim of improving the way disability is addressed in the workplace and more generally in society (see 2.4.2.1).

PROPERTY AND GENERAL SERVICES – A COMMITTED FUNCTION

A CSR approach was initiated within the Property and General Services Function (DISG) in 2011. It concerns the application of ISO 26000 guidelines to the exploratory, preliminary project, project and lifetime phases in Property & General Services (plants, logistics centers, spare parts shops, head offices, points of sale and tertiary activities):

- **building services (repairs, maintenance, hygiene, green spaces, etc.);**
- **residents' services (work spaces, restaurants, document management, etc.);**
- **mobility services (public and individual transport, logistics, travel, company vehicles, home working, etc.).**

In late 2015, Afnor assessed the Property & General Services department based on its AFAQ 26000 system, increasing the department's rating from "advanced" to "outstanding", the highest level. Only 13% of companies and organizations in France have reached this level.

This level rewards, on the one hand, the maturity of the governance, management and organization, and on the other hand, the implication of the Function in respecting the principles of sustainable development supported by structured and interactive relations with the associated stakeholders, both internal and external to Groupe Renault.

In 2016, the Property and General Services department built on these achievements, improving how the quality of its services is perceived by the Group. Most of the initiatives are promoted through operational committees, presentations and newsletters. In 2017, the focus will be on reviewing how its environmental performance is measured, with a view to coordinating the department's efforts in this area.

2.1.6.3 SUPPLIERS

Compliance with Renault's corporate and environmental requirements, detailed in the guidelines distributed to suppliers, is one of the selection criteria for suppliers, together with quality, financial robustness, cost, production capacity and logistics capability.

Support and dialog with suppliers on CSR issues have enabled new challenges to be met in the supply of both vehicle parts and services used by Renault.

Standards, based on compliance with the principles of the International Labor Organization (ILO), have been drafted since 2004 and are regularly revised.

An organization has been set up to monitor the implementation of these standards using assessments and audits and in particular to support suppliers in making the necessary progress in order to meet our requirements. (See 2.3.2 "CSR and the supply chain").

2.1.6.4 INVESTORS AND FINANCIAL PARTNERS

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.

INDIVIDUAL SHAREHOLDERS

To best meet shareholder requirements, the Group is continuing to introduce innovative services. Numerous communication materials facilitate access to information: *Renault Actu*, a magazine focused on Group news, an interactive module for direct management of Renault registered shares, a free, downloadable app, a toll-free number with voice server, and a dedicated e-mail address for various shareholder questions (communication.actionnaires@renault.com).

In 1995, Renault set up a shareholders' club to enable investors to become better acquainted with the Company, its issues and products, as well as with the world of automobiles in general. Open to anyone holding at least one share, the Club currently has some 8,000 members who are invited each year to visit Renault plants and research centers and attend breakfasts or vehicle tests. Shareholders can log in to the web-site www.groupe.renault.com to register online for scheduled events. This year, over 300 shareholders have benefited from this extensive program that facilitates dialog with Renault experts.

A Shareholder Consultative Committee has also been in place since 1996. This committee is tasked with ensuring the quality and transparency of shareholder information. Composed of ten Renault shareholders (including two Renault employees and/or retired employees), this committee meets at Company headquarters several times a year and at the time of the Annual General Meeting. It assesses the quality of and works to provide improvements and innovations to Renault's communications with shareholders.

The web-site www.groupe.renault.com offers shareholders direct access to information from the section Finance of the web-site, by clicking on individual shareholders.

Live video or audio broadcasts of results meetings (annual, half-yearly and quarterly) and of the Annual General Meeting are transmitted on the web-site, so that shareholders can follow the highlights of the Group's financial events in real time or after the event.

Since the 2014 Annual General Meeting, Renault has offered Votaccess to any shareholders who wish to use it to vote online. This platform enables registered shareholders to receive a notice to attend *via* e-mail and offers all shareholders the option to access Annual General Meeting-related documentation, to print out their admission card, to vote on resolutions directly or to give proxy to the Chairman or to a third party.

To stay in touch with its shareholders, Renault organizes discussions at dedicated meetings. The Investor Relations team visits various French cities over the year to take part in meetings gathering more than 250 shareholders. These meetings are organized either by Renault branches or in partnership with press or financial organizations.

INSTITUTIONAL INVESTORS/SOCIALLY RESPONSIBLE INVESTORS

The Group organizes face-to-face or telephone meetings with financial analysts to coincide with the release of its financial results or the announcement of exceptional events. It also holds individual meetings with investors or financial analysts throughout the year, both in France and abroad, and Renault managers give presentations at industry conferences and major motor-shows.

To secure investor support over the long-term, Renault maintains close links with analysts and investors in the socially responsible investment (SRI) community. This involves individual meetings and topical conferences organized by specialized intermediaries. Renault managers regularly speak out on social and environmental issues for the attention of SRI analysts and investors.

2.1.6.5 LOCAL RESIDENTS, COMMUNITIES AND REGIONS

Believing that companies only benefit fully from operating in a region if it is growing and prospering and if its residents welcome the Company's manufacturing or sales operations, Renault enters into ongoing dialog with local communities.

LOCAL DIALOG ON ENVIRONMENTAL IMPACTS

The Renault-Nissan Alliance is also committed to collaborative initiatives with cities (at this time, Rome and Hong Kong) and with private sector partners specializing in modeling atmospheric pollution to model the positive impacts of the large-scale introduction of electric vehicles on air quality and the exposure of population groups to atmospheric pollutants in an urban environment (for further details of this work see 2.6.3.4 "Air quality").

Relations with local residents, authorities and associations are coordinated by environment managers working at each Renault plant or site. In addition to legal consultation procedures (community surveys, etc.), Renault plants have implemented procedures to handle and monitor complaints from local residents in order to effectively manage any form of nuisance problems which may be caused by their operations (noise, smells, etc.).

2.1.6.6 INSTITUTIONS AND ASSOCIATIONS

In a business environment that is increasingly competitive, highly regulated and demanding for companies, Renault has forged close links with institutions that are very diverse in terms of size, status and purpose, given that a quality relationship can only develop between Renault and an institution when both parties retain their own identity, values and independence and commit to a responsible, long-term relationship.

In 2017 these relations will soon be even better governed than before, as the Public Affairs function will have a code of ethics dedicated to responsible lobbying, in addition to the provisions contained in the Sapin 2 Act and the Group Ethics Charter. The work started in 2016 to implement this code was delayed pending a complete version of the Sapin 2 Act.

This responsible lobbying code will contain a full set of guiding principles based on Renault's values, with the aim of promoting common references for Renault's public affairs representatives. They will comprise a set of good conduct, ethical, technical and legal rules.

Within the framework of dialog with European institutions, that enables us to anticipate and support the regulatory changes that impact our sector, whilst giving public deciders the possibility to better understand the technological and economic changes that will shape the future automobile world, Renault and Nissan are registered with the European Transparency Register, and our representatives comply with the associated code of conduct when interacting with these institutions. We recognize our values in the principles of transparency and openness that are the foundations of this Register.

In addition, Renault is in contact with numerous institutions that have demonstrated their legitimacy and credibility through their competence and know-how, whilst complying with the codes of conduct and each in their own way, that work to create a sustainable and cohesive society.

The organizations with which Renault is in contact all occupy positions at society's core and actively contribute to its construction.

INDUSTRY BODIES AND ASSOCIATIONS

These are organizations whose business is of fundamental importance to automotive manufacturing.

In France: the Committee of French Automobile Manufacturers (CCFA, Comité des Constructeurs Français d'Automobiles), the French Automotive Industry Platform (PFA – Plate-forme de la Filière Automobile), and the Society of Automotive Engineers (SIA, Société des Ingénieurs de l'Automobile).

In Europe: the European Automobile Manufacturers Association (Acea) brings together most European carmakers, and the Acem (European Motorcycle Industry Association) that Renault joined more recently.

Likewise, Renault's subsidiaries worldwide are members of local associations of automotive manufacturers if they operate a production facility in the country, such as Anfavea in Brazil, Acarom in Romania, OSD in Turkey or of importers' associations if they operate as commercial subsidiaries.

These organizations focus on issues directly related to the automotive industry. Such bodies enable carmakers and the industry as a whole to discuss issues and share a vision (whether short, medium or long term), and serve as an interface between Renault and the public authorities:

- they aim to anticipate regulations and even make joint commitments on a voluntary basis to meet the expectations of civil society. For example, Acea piloted the drafting of common data protection principles within the framework of connected vehicles and services, made public during the Frankfurt Auto Show in September 2015 (see chapter 3.1.4.3 on the protection of personal data). This is a strong commitment by European manufacturers, in which Renault actively participated. In France, the CCFA and French manufacturers are working with the, Data Protection Authority (CNIL) and other stakeholders to produce a compliance pack for the connected vehicle;

- these organizations may even be commissioned by governments to guide industry-specific public policy and coordinate the different players. The PFA fulfills this role in France, for example. In the context of the 34 industrial plans introduced under the Ayrault government (today consolidated under the name *Nouvelle France Industrielle*), it was responsible in particular for managing the "2 l/100km vehicle" plan, bringing together all industry players to create a positive dynamic and ensure the convergence of collaborative projects. Since May 2015, this industrial plan has been part of the "ecological mobility solution", which also covers the "autonomous vehicle" plan, led by Renault, and the "recharging terminals" and "energy storage" plans. The PFA also oversaw the automotive industry contract for 2014, discussed within the Automotive Industry Strategy Committee chaired by the French Minister for Industry. Renault is involved in various projects through the PFA's working groups.

AN INDUSTRY-WIDE APPROACH – 2016-2017 STAKEHOLDER DIALOG

In October 2016, the second industry stakeholder dialog was launched. Involving industry representatives and key figures from civil society, it consists of a series of meetings organized by the PFA throughout the year.

- The first introductory session was held at the Paris Motor-Show in October 2016.
- The first workshop was held in November at the VEDECOM Institute in Versailles; the theme was "the role of the car in the mobility ecosystem".
- A second workshop was held in December at the VALEO site in Bobigny, on the theme "What will the vehicle of the future look like and what related services will it have?".
- Finally, a closing plenary session of the 2016-2017 stakeholder dialog is planned for January 2017. The theme will be shared services, infrastructure and costs.

TRADE REPRESENTATION BODIES

In France and abroad, Renault is also a member of trade representation bodies, notably the French Business Confederation (Medef) through the CCFA, the Union of Metalworking Industries and Professions (UIMM), the French Association of Private Companies (Afep), Medef International, Business Europe, etc. Renault is also a member of business representative organizations in countries where the Group has industrial operations (for example, AEB in Russia).

These institutions regularly organize working groups, which Renault can join to offer its vision and experience and share best practices.

Discussions often go beyond the automotive industry: Topics covered include major social changes and economic, social and other issues that are vital for large corporations, which have to know their rights and responsibilities but must also be able to take a position on public policy *via* these organizations.

INSTITUTIONS AND ASSOCIATIONS INTERESTED IN SUSTAINABLE MOBILITY

Renault is dedicated to mobility now and in the future and, with this in mind, it has forged links with organizations at the center of sustainable mobility stakes. These links are crucial as they facilitate the development and achievement of the technological, environmental and behavioral breakthroughs that Renault has always pioneered: yesterday, the people carrier; more recently, ultra-efficient engines for increasingly significant energy-savings and ECO2 certification; today, electric vehicles; and tomorrow the pursuit of this ambitious breakthrough strategy.

Renault co-founded the "Electromobility platform", an alliance between industry players and civil society promoting electromobility with European institutions. Created in 2012, this platform has supported and contributed to European Commission initiatives on the decarbonization of transport. The platform's recommendations seek to establish a regulatory framework allowing the emergence of a proper EV ecosystem: smart grids, infrastructure deployment, second-life batteries, etc.

Renault maintains dialog regarding "sustainable mobility for everyone" stakes with entities such as the Association for the Development of Electric Mobility (AVERE), Companies for the Environment (EPE), the Mov'eo competitiveness cluster, and ATEC-ITS, a non-profit organization for the development of transport, environmental and traffic technologies. Renault is also a member of the GART (Transport Authorities Association) "partners club" that brings together elected members and technicians who believe in the necessity to radically change public transport policies.

Other institutions, like the Nicolas Hulot Foundation, the Ellen MacArthur Foundation (see box in section 2.6) and NGOs like the European Climate Foundation or the World Wildlife Fund (WWF) give us an insight into civil society's expectations and help to broaden our outlook on major environmental and human-related stakes.

In 2015, Renault, along with other stakeholders[1] from civil society and industry, took part in the "En Route pour un transport durable" ("Towards Sustainable Transport") study conducted by the European Climate Foundation and Cambridge Econometrics, on the societal, environmental and economic challenges associated with the decarbonization of transport in France.

With a wealth of lessons on the benefits that low-carbon vehicles can offer on a national level (see section 2.6.3.1), the project was also noteworthy for its format, encompassing discussion, exchanges of views and consensus-building among all stakeholders, as well as the diversity of its active participants (NGOs, labor unions, professional associations, experts, companies, etc.).

Following on from this very positive initial experience, Renault responded favorably in 2016 to the invitation of the Nicolas Hulot Foundation and the European Climate Foundation to take part in a new study that brings together environmental NGOs, the ADEME and various private partnerships to assess the environmental impacts and benefits of electrification of the vehicle fleet in France by 2030, which will be published in the second half of 2017.

Since sustainable mobility is also linked to affordability, Renault works with partners from associations, government and academic bodies to identify and implement mobility solutions to suit the specific needs of low income households. The Mobiliz program is detailed in chapter 2.2.3.1.

(1) ABB, Air Liquide, l'Association Française de l'Aluminium, CFDT FGMM, ERDF, European Aluminium, European Climate Foundation, EUROBAT, Nicolas Hulot Foundation, Michelin, LANXESS, RENAULT, SAFT and Valeo.

INSTITUTIONS AND ASSOCIATIONS PLAYING AN ACTIVE ROLE IN ROAD SAFETY

Renault, carmaker committed to road safety for many decades, has developed solid relationships with a large number of institutions and associations working in this field around the world.

On an international scale:

- with the International Automobile Federation (FIA, Fédération Internationale de l'Automobile) either directly with the signature by Mr Ghosn of the FIA High Level Panel Manifesto, or within the framework of discussions as a member of the European Automobile Manufacturer's Association (ACEA);
- within the GRSP (Global Road Safety Partnership), which enables Renault to carry out initiatives not only in countries where Groupe Renault has commercial operations, but also in other countries with the highest rates of road deaths and injuries (see 2.7.1.1).
- Renault is a member of the International Association of Fire and Rescue Services (CTIF) and the International Firefighters Federation, particularly its Vehicle Extrication Committee.

In France:

- Renault has an ongoing partnership with the Delegation to the Safety for Traffic and Road Safety for Traffic and Road Safety (*Délégation à la Sécurité et à la Circulation Routière*, DSCR) and the National Road Safety Council (*Conseil National de Sécurité Routière*, CNSR), as well as their sister organizations in other countries, including Morocco;
- within the Road Safety Foundation, which is tasked with funding and promoting the development of technologies with the aim of improving road safety and limiting accident-related consequences. Renault has been a partner in the *Quo Vadis* Project (subsidized by the Foundation) since the beginning of 2015. The ambitious objective of this 30-month project, which is being conducted in close collaboration with departmental Fire and Emergency Services (*Services départementaux d'incendie et de secours*), the French Emergency Medical Assistance Service (SAMU) and French hospitals, is to propose and test accidentology and biomechanics criteria obtained from vehicles that have been involved in accidents, in order to improve the way in which victims of road traffic accidents are treated;
- Renault works closely with the French National Firefighters Federation (see section 2.7.1.1).

Officializing a long relationship, in 2012, Renault became an official partner of the French National Federation of Fire and Rescue services (Fédération Nationale des Sapeurs-Pompiers de France, FNSPF).

In 2015, Groupe Renault renewed its commitment to and support for the Federation to work together in general interest missions carried by the FNSPF and the French Fire and Rescue Services in terms of vehicle security, passenger safety and road prevention.

Links have been established with 80% of fire and rescue services in France, the Paris Fire department and the Naval Fire department in Marseille on the subject of the highway rescue.

Thanks to these numerous technical and R&D collaborations, which take into account the new technological risks and include vehicle extrication and fire extinguishing tests on the carmaker's vehicles with new energy sources, Renault regularly donates vehicles for training emergency services in highway rescue. Nearly 440 vehicles were donated to the fire and rescue services in 2016.

Owing to this unprecedented collaboration between French fire and rescue services and carmakers, France is recognized by fire crews worldwide for its expertise. This led to training sessions being organized in several countries in 2016: Canada, Italy, Finland, Belgium and Germany.

Renault produces a vehicle extrication sheet for each new model that it launches, which is then validated by the Public Safety department.

Renault was the main partner of the first French Rescue Challenge (FRC) held in La Rochelle in April 2016. Renault supplied all of the vehicles for the event, which gathered 10 teams.

Renault Romania also sponsored the Romanian Rescue Challenge (RRC) held in Bucharest in August 2016. Renault supplied all of the vehicles for the event, which gathered 10 teams.

Renault Brazil sponsored the World Rescue Challenge (WRC) held in Curitiba in October 2016. Renault supplied all of the vehicles for the event, which gathered more than 30 teams.

THE ACADEMIC WORLD

Renault maintains numerous close ties with the academic world in order not only to contribute to safeguarding and developing the skills required for the automotive industry to develop, but also to identify and tap into the innovations produced by research laboratories, students and researchers and to help further their work. Renault's academic relations cover research partnerships (see "Sustainable Mobility Institute" in 2.2.2.1), joint creation of higher education programs (see education in 2.5.1) and financial support for specialized academic chairs, thirteen of which are currently in existence (see 2.5.3.1).

Renault is involved in other types of partnerships and support for primary and secondary schools. Details of these partnerships and programs appear in 2.5.2.

INSTITUTIONS SPECIALIZED IN POLITICAL AND ECONOMIC AFFAIRS

Through regular meetings and/or close monitoring of their work, Renault cultivates links with various bodies responsible for observing and analyzing political and economic life. In 2016, Renault continued its support of the *Forum de l'Économie Positive*, an event attended by public and private players, business leaders, social entrepreneurs, economists, labor unions and members of the public to promote the positive economy. The forum aims to promote a positive economy serving future generations and supporting responsible, sustainable and inclusive growth. Respect for the environment and a strong community focus are also goals of the positive economy movement.

GOVERNMENTS-NATIONAL AND EUROPEAN LEGISLATORS

Renault liaises directly and indirectly with governments in office, elected officials and the European Commission, etc.:

- indirectly, *via* the various bodies that represent Groupe Renault, either through specific automotive industry bodies or more general bodies, such as those described above. Direct contact is established for several reasons. Firstly, Renault is part-owned by the French state and is required to report to this public investor in the same way as the Finance department reports to other investors. Secondly, Renault owns regional plants and sites and therefore has an integral role in the local job market and ecosystem in those areas. This regional involvement requires Renault to engage with local elected officials, who need to take the future perspectives of local companies into account when drawing up regional policies, and who require a certain amount of visibility to identify economic development opportunities in their regions;
- directly, when Renault is questioned by the public authorities on specific government matters or by the European Commission.

2.1.6.7 MATERIALITY MATRIX AND MAPPING OF KEY STAKES ♦

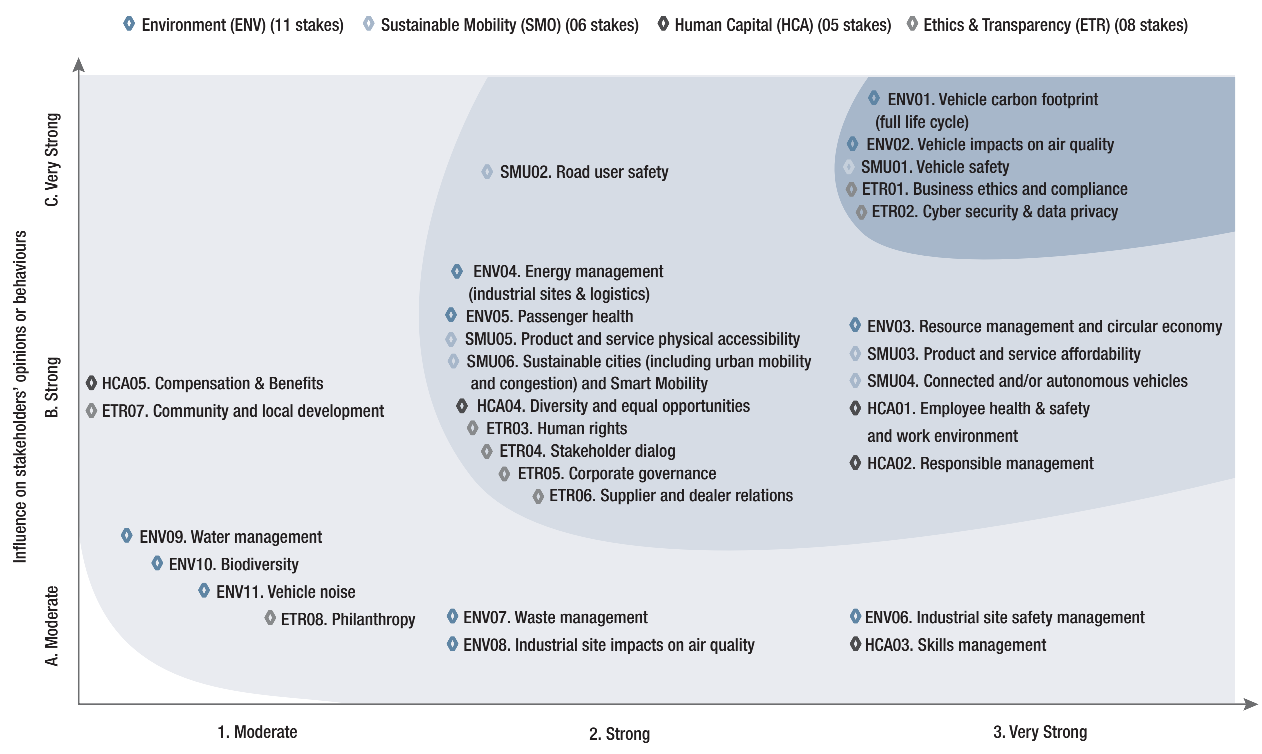
To bolster its strategy and CSR performance, Groupe Renault has carried out a materiality analysis. With the support of consultants, the aim of this analysis is to generate a materiality matrix depicting the importance of each stake identified from the point of view of stakeholder expectations and, its 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 four categories (Environment, Human Capital, Sustainable Mobility and Ethics & Transparency), 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).

If all these stakes are important for the Company and its relationship with its ecosystem, the true value, but also the difficulty, of this materiality exercise is to keep a discriminating approach to the analysis.

Indeed it is about bringing prioritized and correctly 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

♦ *GRI [G4-19]*

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-VI of the Act of August 17, 2015 on the energy transition for green growth.

Moreover, Groupe Renault has chosen to prepare this report in accordance with GRI G4 (Global Reporting Initiative) Guidelines - Core.

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.

The indicators required for "In Accordance" - Core can be found in the table available in 6.4.4. GRI Indicators and Global Compact principles.

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, of which Groupe Renault acquired a majority shareholding end of December 2016, is however excluded of the CSR reporting perimeter. The figures for employees are indicated for information purposes. A forecast publication date for AVTOVAZ CSR information will be communicated in the 2017 Registration document following an inventory of available data.

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 indicators and data covered by this moderate assurance are listed in the Grenelle 2 cross reference table in section 2.9.5.

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;

♦ *GRI [G4-18, G4-22, G4-17]*

2.2 Offering innovative mobility solutions, accessible to all

Renault's goal of being a pioneer in "sustainable mobility for all" is reflected in **sustainable** solutions such as:

- electric mobility with "zero real driving emissions" (see sections 1.1.5.1 and 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);
- implementation of the circular economy throughout the various stages of the Group's product life cycles in order to transform end-of-life parts and vehicles into a resource for the production and maintenance of vehicles;
- innovative materials and processes to reduce vehicle weight and environmental footprint (see section 2.6.3.2);
- 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).

Renault's ambition is also reflected in the concept of solutions **accessible to all**:

- with a range of products that meet the needs and aspirations of retail and business customers, sold and serviced in 125 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 for people with reduced mobility (*transport de personnes à mobilité réduite*, TPMR) to facilitate collective or individual travel for disabled people.

2.2.1 Introduction and core business

Access to mobility is not only a source of freedom and pleasure, but is also a driver of economic growth and social cohesion. Renault, a pioneer in the field of sustainable mobility, has set itself the target of offering a range of products and services accessible to the greatest number. Renault conducts regular surveys among its existing and prospective customers so that it can increasingly fulfill their expectations (see section 2.1.6.1). Vehicles sold under the Renault, Dacia and Renault Samsung Motors brands meet a wide range of requirements in different parts of the world. Section 1.1.5.1 provides details of the current range of passenger and light commercial vehicles and these are also available at: http://group.renault.com/vehicules-groupe/decouvrir/.

2.2.2 Sustainable 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. For example:

2.2.2.1 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. This involves academic analysis and experimenting with innovative solutions. At the same time, there must be real-life applications for such innovations and the potential for their mass deployment, in order to meet the global challenges faced by carmakers: global warming; reconfiguring the ecosystem for electromobility; growing urbanization and related congestion issues; prerequisites for successfully adopting of new mobility solutions. By enabling mobility operators to take advantage of academic know-how, this platform seeks to support and increase their understanding of this electromobility transition phase, as well as to enlighten their decision-making.

This partnership has resulted in a 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, particularly those based on electric vehicles (EVs);
- to train sufficient top-level managers and scientists to meet the demands of the transportation industry and the scientific and technological challenges raised by the long-term development of sustainable transportation systems.

The Sustainable Mobility Institute extended its activity to the Autonomous and Connected Vehicle over the four themes below. This activity is the natural extension to the EV, with a specific focus on the contribution of Autonomous Vehicles (AV) to Health and Safety.

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:

- "Electric mobility system", to understand interactions between the mass circulation of EVs and AVs, the different regions, the socioeconomic aspects of households in those regions, and infrastructure requirements;
- "Business model", to understand the economic and organizational challenges of EVs and AVs for each of the ecosystem actors on the basis of field tests, to identify the levers for accelerating its adoption;
- "Global vision", to establish objectively, using strategic analysis and economic modeling tools, the impact for Renault of new influential global trends (environment, energy, raw materials and new industrial ecosystems);
- "Technologies", to conduct upstream work on disruptive technologies so as to further advances in battery technology (increasing the energy density of batteries to improve EV range) and anticipate the technological spin-off from the autonomous vehicle.

CONCRETE EXAMPLES AND KEY FIGURES

"Electric mobility system"

- Research into community behavior in the light of innovation in mobility services. How to factor in the concept that communities want to take an active role in defining and designing these services to meet their own requirements? The interaction of web communities on issues such as the environment, the automotive industry, EVs, car-sharing and autonomous vehicles is one example.
- A study into the capacity of information technologies in India to assemble the irregular resources for accessing electricity and how basic players manage to link up microgrid components to offset random electricity distribution. In India, 40% of households have no access to electricity (2008). Some insular ecosystems with a high degree of autonomy and development are being created, paving the way for electric cars to gain a foothold in these areas or business districts, where everything is considered in terms of renewable resource solutions.
- A multimodal analysis of urban traffic, taking into account both urban constraints and developments and the evolution of forms of transport.

The "Business model"

- Quantification of the contribution made by fleets of taxis or car-sharing services to the development of electric vehicles through their prescriptive impact.
- Emergence of fleets of autonomous vehicles for car-sharing.
- Analysis of business models to identify suburban commuter routes suitable for automation.
- Development of tools to assess the potential for electrification in towns and cities, regions and countries and identification of priority measures to accelerate their uptake of electric vehicles.
- Car-sharing trials in San Francisco involving a fleet of Renault TWIZY in partnership with Nissan.

The "Global vision"

- Analysis of the capacity for using sugar cane in Brazil as a substitute for energy sources in thermal engines and power plants.
- Participation in COP 22 on the reduction of CO_2 emissions.
- Assessment of the 162 INDCs (Intended Nationally Determined Contributions) resulting from COP 21 and the impact on our industry.

"Technologies"

- Work on shaping materials such as silicon, state of the art "challengers" (graphite) and strategies to extend their life (by using additives).
- Forward-looking research into compounds with the potential to be used at higher voltage, the energy of an element being directly proportional to said voltage.
- Three patents filed.

In 2010, the Sustainable Mobility Institute, with the Renault Foundation, created a "Mobility and electric vehicles" Master degree to train young engineers in the design, manufacturing and recycling of electric vehicles. Some 78 students from 12 countries with grants from the Renault Foundation have already benefited from the program.

In association with engineering schools, IMD was behind Renault's sponsorship of the Chimie ParisTech and Telecom ParisTech groups of graduates.

2.2.2.2 IDDRI – INSTITUTE FOR SUSTAINABLE DEVELOPMENT AND INTERNATIONAL RELATIONS

Renault has been a partner of this policy research institute for five years. Its objective is to develop and provide the tools required to analyze and understand the strategic challenges of sustainable development from a global perspective. Based in Paris, Iddri supports various participants in the process of reflecting on global governance of major collective issues such as the fight against climate change, the protection of biodiversity, food safety and urbanization, and takes part in work to redefine development paths.

Iddri gives particular consideration to developing networks and partnerships with emerging countries and countries with the highest exposure to risk, so as to best assimilate and share different outlooks on sustainable development and governance. In order to achieve its objective, Iddri is part of a network of partners from the private, academic, voluntary and public sectors, in France, Europe and worldwide.

The work of the Iddri also contributes to that of the IMD (*Institut de Mobilité Durable*, Sustainable Mobility Institute).

2.2.2.3 VEDECOM INSTITUTE – ZERO-CARBON COMMUNICATING VEHICLES AND THEIR MOBILITY

Renault is one of the founding members and an associate donor of the VeDeCom Institute, one of the Institutes for Energy Transition (ITE) 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. At the end of the third year, Renault's contribution to the Institute's activities amounted to approximately €6.5 million in funding and the permanent secondment of four to six experts.

2.2.2.4 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 web-site);
- 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 fully held 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 developed for the benefit of all Renault-Nissan Alliance brands, both in France and internationally.

In September 2014, Renault partnered with Bolloré, a leader in car sharing, to promote electric vehicles (see section 1.1.5.8). Cooperation takes place in three areas:

- a joint-venture, Bluealliance, commercializes complete electric car-sharing solutions in France and Europe. These include the Bluely services in Lyn and Bluecub in Bordeaux, where the TWIZY joined the fleet in spring 2015;
- industrial cooperation since July 2015 for the assembly of the Bolloré group's Bluecar electric vehicles at the Dieppe plant;
- a feasibility study of the design, development and manufacturing by Renault of an electric city car.

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.

Renault is launching a new telematic service that enables dematerialized access to connected Renault vehicles, to allow different users to access the same vehicle without the physical key. R.Access, offered by Renault, enables access to the connected Renault vehicle without the keys. This service will be has gradually been rolled out in Europe since 2016 (depending on country opportunities).

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.

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 that feed these discussions, including the Anthropolis chair at Centrale-Supelec with the aim of developing design methods for mobility systems centered around the mobility user or the Franco-Japanese chair on the

♦ *GRI [G4-DMA]*

transformation of uses and the change in mobility consumption modes at the École des Hautes Études en Sciences Sociales (EHESS).

Through the VeDeCom Institute for Energy Transition, it is also involved in Opticities, 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.

For the third year running, Renault and the French Embassy in Poland are sponsoring the Eco-Miasto (eco-city) operation. The operation encourages the implementation of best sustainable development practices in Polish municipalities, as well as civil society sustainable development initiatives. It rewards those Polish cities with the greatest commitment to sustainable mobility, green construction and waste management.

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 smartgrids 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.

2.2.2.5 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 a technical partner for Formula E, the 100% electric Championship launched by the FIA in 2014. It has helped to get the Championship 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.

Renault is involved in the sport in association with the e.dams team. With two teams' titles and one drivers' title, the team has become the one to beat since the Championship began in 2014.

Renault invested fully in this brand new and particularly innovative discipline.

Renault is also 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.

2.2.3 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 had the opportunity to buy a new, more reliable and environmentally friendly car.

Dacia vehicles are now marketed in 44 countries and over 4 million vehicles have been sold since the LOGAN was launched in 2004.

In ten years, the brand has forged its own identity and its buyers have become real brand ambassadors *via* a very lively community. Dacia has found a way of uniting its customers around a "smart buy". In various countries, customers can socialize at picnics, united by the shared values of freedom of spirit, simplicity and generosity. These community events are social occasions that create a strong bond between customers and the brand. On social networks, Dacia has already gained over 3 million Facebook fans.

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 clearly suited to the requirements of vehicles over three years old, the Motrio range today includes over 7,000 references, compatible with 45 automotive brands and 1,635 vehicles.

Currently, Motrio is present in over 35 countries worldwide and the brand even has its own multi-brand garage chain. Building on this success, Motrio logically continues its international growth, but is also committed to the inescapable digital and e-commerce channels for closer contact with its customers.

For many years, Renault has also been developing alternatives to new parts.

♦ *GRI [G4-DMA]*

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 will enter into force in 2017), Renault's distribution network already offers used body parts (hoods, fenders, headlamp units, etc.) in France that have been collected and selected in Indra's ELV (end-of-life vehicle) center network. 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, then 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 chapter 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 criteria for insurers to avoid premature scrapping.

During a model's lifecycle, Renault changes the price of its spare parts: for example, after production has stopped for a model, the prices of body parts (hoods, fenders, headlamp units, etc.) regularly decrease each year, to adapt the price of parts to the residual value of the ageing vehicles.

2.2.3.1 EMBRACING INCLUSIVE MOBILITY SOLUTIONS, THE MOBILIZ PROGRAM

MOBILIZ

The Mobiliz program (http://group.renault.com/engagements/mobilite/le-programme-renault-mobiliz/) is a social-business program providing entrepreneurial solutions to resolve social problems. It was initiated in 2010 and officially launched in France in July 2012. It aims to facilitate access to mobility for people in order to promote 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, Mobiliz has formed partnerships to promote entrepreneurship and encourage inclusive mobility projects with the organizations Ticket for Change and Les Pionnières. Ticket for Change is a social start-up that uses innovative teaching methods to change society through entrepreneurship, for example with its MOOC (Massive Open Online Course), created jointly with HEC and completed by 20,000 young people from over 140 countries. The business incubator network of Les Pionnières encourages women entrepreneurs, sustainable local job creation and innovation in the widest sense (technology, applications, management, society).

For Groupe Renault, the Mobiliz program acts as the catalyst for an innovative, long-term, strategic commitment to inventing and testing mobility solutions for disadvantaged social groups, including those known as Bottom-Of-the-Pyramid populations.

The Mobiliz program is designed to be rolled out as far as possible across the Company both in France and all the other countries where Renault operates.

This program is a strong source of motivation amongst employees, many of whom are proud of Renault's support for the very poor and the left behind of mobility.

Groupe Renault demonstrates this commitment in three separate areas:

1. Mobiliz Invest s.a.s.

   Groupe Renault has 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 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 13 members, including one employee representative and two external investment and social entrepreneurship experts.

   Mobiliz Invest s.a.s. has already provided funding (capital or debt) and development support for eight firms. Active in the field of inclusive mobility, the majority are recognized "Social and Solidarity Economy" companies or ESUS-certified. The following companies have been supported:

   - WIMOOV (formerly Voiture & Co), an SOS group association that aims to remove mobility constraints for jobseekers. In 2016, its 25 mobility platforms helped over 10,100 people seeking to re-enter the labor market by offering them mobility solutions in line with their specific needs. These solutions range from individual support to low-cost hire of various means of transport. Groupe Renault has funded six new mobility platforms in three years, including the Le Mans platform and the Saint-Quentin-en-Yvelines platform. These platforms exemplify the close ties developed between Groupe Renault and the regions where its sites are located.
   - MOBILECO, a Montpellier-based work integration social enterprise cooperative whose mission is to help employees back to work through the development of electric mobility and intermodality.
   - CHAUFFEUR & GO, a cooperative set up to establish micro-franchises for drivers without cars, most of whom are long-term unemployed.
   - THE GOOD DRIVE, created in 2014 by three groups of associates (ECF, Renault Mobiliz, and three private partners) to develop a highly innovative system of learning to drive, combining real-life practice of driving in traffic with the use of digital technology, mainly by exploiting the simulation potential of devices familiar to the general public (smartphones, tablets and computers). This training, accessible to the general public via a dedicated web platform, should make it possible to reduce the cost of obtaining a driving license, in particular, for disadvantaged social groups and for those for whom not having a driving license is often an obstacle to gaining employment.
   - MOPeasy, is a shared eco-mobility operator, offering "CLEM'", an innovative connected solution, in BtoB and BtoC, for car-sharing and car-pooling. Mobiliz Invest financing will allow tests on a shared social eco-mobility offer using electric vehicles, adapted to social housing lessors and rural or peri-urban communities that wish to offer a shared mobility solution to a population for whom individually owned mobility has become a luxury they cannot afford.

- TOTEM mobi, an urban media and mobility operator. Mobiliz Invest financing aims to develop a rental offer for TWIZY, adapted to people with low incomes and districts "excluded" from mobility, notably thanks to the contribution of revenues from advertising on the TWIZY and the TOTEM mobi application. This offer provides a mobility solution for the "last km" and for people who work "shifts"; it is a cheap solution that is complementary to public transport (in terms of zones served and schedules) and car-pooling.
- ADIE, the Association for the Right to Economic Initiative (Association pour le Droit à l'Initiative Économique), a micro-credit and support organization for business start-ups and the employment of people excluded from the job market and banking system. Mobiliz Invest financing deals with the development of the Micro-credit offer for paid employment destined for mobility. Since 2009, Adie offers financing solutions to people excluded from bank credit who wish to access or remain in paid employment, the Microcredit for Paid Employment (MCES) (€7 million of production in 2014 and an upward trend with expected doubling in 2017). In 90% of cases, the aim is to resolve mobility problems, by financing the purchase, repair or rental of a vehicle, or the driving license. Adie and Mobiliz Invest share the same vision of sustainable mobility adapted to the needs of people with low incomes or in situations of precariousness as a means of accessing or remaining in employment.
- ABEILLES MULTIMEDIA, publisher of intelligent first-aid training software. The training proved to be effective in a trial conducted with the support of the Ile de France region. The training is low cost and easy to access on different devices (PC, smartphone and tablet). With funding from Mobiliz Invest, the software can be adapted to roadside first aid, especially for learner drivers.

Within the employee savings framework, since February 2015, Renault has offered a "Renault Mobiliz Solidaire" employee savings fund (FCPE) to allow employees to give more meaning to their savings and invest in the social entrepreneurship projects supported by Mobiliz Invest. The FCPE was created with the consent of the labor unions (in the Central Works Council - Comité Central d'Entreprise - on February 12, 2015). From March 3, 2015, it replaces the Impact ISR "Rendement solidaire" in the range of company savings plans. A portion of the amounts invested by employees in this FCPE (corresponding to the 5-10% solidarity part of the assets in accordance with the law) is invested in Mobiliz Invest in order to contribute to the financing of solidarity projects supported as part of Mobiliz Invest. The fund is managed by the Ecofi Investissements company (Crédit Coopératif group); it received the approval of the French Financial Markets Authority (Autorité des Marchés Financiers) on January 30, 2015. On December 10, 2015 the Fund obtained Finansol certification, awarded to socially responsible savings schemes. Renault employee representatives holding shares are largely associated in its governance, with eight to ten seats on the Supervisory Board. Nearly 3,500 employees hold shares in this Renault Mobiliz Solidaire FCPE. Part of their solidarity employee savings totaling €650,000 is a resource complement to finance solidarity projects supported via Mobiliz.

2. Garages Renault Solidaires (GRS)

   Renault's network of garages voluntarily help 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 with Groupe Renault service quality. In 2016, over 1,200 customers were referred to this system.

   Some Garages Renault Solidaires also offer reconditioned, used vehicles, covered by a warranty, for around €3,000. But the small number of used vehicles corresponding to these criteria remains an obstacle to the development of this solution. Therefore, in partnership with the Entreprise et Pauvreté Action Tank (see below), Groupe Renault devised a long-term lease scheme with a purchase option for new passenger cars (Dacia Sandero from €84 incl. tax per month) and light commercial vehicles (Kangoo from €141 incl. tax per month). These services are exclusively aimed at individuals who are not eligible for conventional loans. DIAC is a key stakeholder in this scheme.

   At the end of 2016, the Mobiliz Program included some 350 Garages Renault Solidaires across France.

   In 2017, Mobiliz will launch an interactive website enabling it to significantly increase the number of referrals and thus widen its social impact.

3. The HEC Paris "Enterprise & Poverty" academic chair

   Groupe Renault sponsors this chair and so, in partnership with research and education, works to train younger generations and devise new social entrepreneurship solutions.

   Groupe Renault also collaborates with the Enterprise 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.

2.2.4 Physical accessibility ♦

For almost 30 years, Renault has been innovating to meet the needs of people with reduced mobility. Through its subsidiary, Renault Tech, 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 distributors. https://www.renault.fr/vehicules/mobilite-reduite.html

♦ *GRI [G4-56, G4-DMA, G4-12, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR1, G4-HR10, G4-HR11, G4-SO9, G4-SO10]*

2.3 Ensuring fair practice throughout the value chain ♦

2.3.1 Business ethics ♦

A company's prosperity and growth are largely dependent on the confidence that it instills in its social environment and, in particular, the confidence that it inspires to its stakeholders, whether these are employees, customers, shareholders, partners or suppliers.

Renault once again demonstrates the Group's collective commitment to instilling and growing this confidence *via* the Ethics Charter, intended for all employees, and seven specific Codes of good conduct. Specific Codes of good conduct are drafted for internal functions for which strong ethics are particularly relevant. Such codes are a set of rules of good conduct intended to regulate departmental operations.

The rules contained in specific codes of ethics are technical, legal and, of course, also moral.

Details of the ethics policy appear in the Chairman's report (see section 3.1.4).

2.3.2 CSR and the supply chain ♦

Purchases represent the equivalent of 70% of Renault's revenues. As such, 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 REGULATORY AND LEGISLATIVE FRAMEWORK

Where risks, especially social and environmental, in the supply chain were previously managed using an essentially voluntary approach, legislative and regulatory frameworks are changing to provide guidance for multinationals and to extend their responsibility.

REGULATORY AND LEGISLATIVE FRAMEWORK

To mitigate CSR risks that could impact on its image and supply chain, and to anticipate future regulations, Renault has included compliance with social and environmental requirements in the ethical standards sent to suppliers. The CSR assessment of suppliers is now part of their selection criteria, in the same way as quality, financial capacity, costs, industrial capacity and logistics (see section 2.3.2.5). Taking this approach one step further, Renault supports suppliers by helping them to identify opportunities for progress by sharing best practices.

♦ *GRI [G4-56, G4-DMA, G4-12, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR1, G4-HR10, G4-HR11, G4-SO9, G4-SO10]*

2.3.2.2 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.

2.3.2.3 SPECIFIC CSR PURCHASING ORGANIZATION ♦

An organization has been set up to monitor the implementation of Renault's standards (see section 2.3.2.4) using assessments and audits and in particular to support suppliers in making the necessary progress in order to meet Renault's requirements:

- a central team tasked with providing the necessary support to suppliers to help them raise their standards to the required level;
- an international network of some 100 local correspondents who are purchasing quality experts trained in CSR and who all use the same assessment method;
- an internal platform that allows buyers to be sent information on their suppliers (ratings, strengths/weaknesses, action plan progress and general advice from the Sustainable Development department), and suppliers to be contacted about action plans;
- processes shared by all buyers worldwide and which incorporate CSR criteria into the selection of new suppliers, calls for tenders and the final decision concerning the contracting of a supplier;
- performance indicators, such as the percentage of purchases covered by an assessment of the potential CSR risk.

2.3.2.4 CSR POLICY AND STANDARDS FOR SUPPLIERS

Since 2004, Renault's CSR standards have been gradually adapted for suppliers. These are subject to a process of dynamic management in order to incorporate regulatory change and firmly establish this approach with suppliers:

- Declaration of Employees' Fundamental Rights (2004). Originally drafted for Renault employees, the document was adapted for suppliers, who must sign it before they can join the panel. It was revised in July 2013, following the agreement signed with IndustriAll Global Union (see 2.4.4.2). Sent to suppliers since 2014, it is gradually distributed to new suppliers when they join the supplier panel. Suppliers are asked to distribute this agreement among their own suppliers;
- Renault-Nissan Purchasing Way (2006). Distributed to all tier-one suppliers worldwide, this booklet shares a similar vision, values and purchasing procedures. It describes the missions and specifies the tools and processes for supplier selection, the technical support provided to suppliers, and partnership arrangements. It emphasizes in particular the importance of the key values of the Renault-Nissan Alliance: mutual respect, transparency and trust;
- Renault-Nissan CSR Purchasing Guidelines (2010, revised in 2015). Distributed to all tier-one suppliers worldwide, these guidelines set out Renault-Nissan's purchasing expectations with regard to suppliers in relation to safety and quality, human and labor rights, the environment, compliance, and non-disclosure of information. The guidelines were reissued in February 2014, together with the quality objectives for 2013, to all parts suppliers of Renault plants. They were updated again in late 2015 ahead of their release in early 2016. Suppliers are asked to deploy these guidelines among their own suppliers. This document was extensively updated in December 2015, highlighting the need for legal and regulatory compliance and requiring suppliers to assess their compliance with the CSR standards of the Renault-Nissan Alliance. The document has been sent to suppliers since January 2016;
- Renault Green Purchasing Guidelines (2012, revised in 2015). Sent to all tier-one suppliers, these set out expectations in terms of environmental management and chemicals and recycling policies for delivered parts and materials, as well as management of chemicals that Renault's suppliers use in industrial processes. It was updated in late 2015 to ensure that its structure was in line with Nissan's and to incorporate the issue of sustainable mobility.

♦ *GRI [G4-DMA]*

2.3.2.5 CSR RISKS IDENTIFIED AND EVALUATED

Renault maps the potential CSR risks of its suppliers according to different criteria: country risks, social and environmental risks related to industrial processes, non-compliance with ISO 14001, plus any other specific risk identified.

Suppliers' potential CSR risks are assessed either by independent internal auditors (on-site assessment), or by specialized external agencies (self-assessment and compliance)

SUPPLIER RISK CATEGORY

Renault's aim is to prioritize coverage of high-risk countries and suppliers with the most significant purchasing volumes. Accordingly, all parts suppliers with a purchasing volume of more than €1 million must undergo an assessment.

The indicators used are divided into three categories:

- proportion of the purchasing volume assessed by a third party;
- proportion of the purchasing volume assessed by a third party and rated "Good/Very Good";
- proportion of the ISO 14001 certified purchasing volume (for parts purchases).

2016 CSR assessment* (in % of purchasing volume)	Spare parts	Services	Total
Percentage of completed CSR assessments			
Original assessment: 2010-2016	90.2%	68.7%	85.8%
Three-year assessment: 2014-2016	77.2%	60.2%	73.7%
One-year assessment: 2016	48.1%	34.7%	45.4%
Percentage of CSR assessments rated "Good/Very Good"			
Three-year assessments with "G-VG"/Three-year assessments	75.2%	76.9%	75.5%
Three-year assessments with "G-VG"/Total purchasing volume	58.1%	46.2%	55.6%
Percentage of ISO 14001 compliance			
ISO 14001 compliance	92.6%	Ns	Ns

* *2016 ratings applied to 2015 purchasing volumes.*

2.3.2.6 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 automotive sector platform aims to coordinate all players in the following areas:

- research, innovation and techniques and the associated standards;
- professions, skills and training;
- industrial excellence;
- strategies and change.

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.

2.3.2.7 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 13 joint innovation contracts were signed with suppliers in 2016.

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 and the distribution network

It is not up to the world to adapt to the automobile, it is up to the automobile to adapt to people. This is Renault's vision: "Renault is an innovative manufacturer that is close to its customers and makes sustainable mobility available to everyone".

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.

For the first time in 2016, to encourage our distribution networks to engage in actions in line with our social commitments, the Group's Sales & Marketing department awarded a Special CSR Prize to our most deserving dealers (or RRG sites). This year once again, an awards ceremony will be held for the Dealers Of The Year (DOTY).

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 the key to Renault's customer loyalty, penetration and sustainable development. 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 (see 2.3.3.4).

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 relies on the Overall Opinion (OaO), the leading indicator created in 2015 for all Group operations. The Overall Opinion gauges the general opinion of a panel of people who intend to purchase 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 positive opinion of customers is based on three levers:

1) **awareness**: promoting the brands and models through conventional marketing campaigns, presence in specialized media, and partnerships with local stakeholders;
2) **appeal** of models and services: the offering must satisfy the needs and expectations of customers in each market. It is measured by positive feedback from specialized media and opinion leaders on social networks, as well as from the resulting sales performance;
3) **quality and Customer Satisfaction:** measuring the satisfaction (or dissatisfaction) of existing Renault customers allows the Group to respond swiftly in making the necessary improvements. By listening carefully to Renault customers and those of other brands, we can challenge our in-house teams so that the Group's products and services are soon positioned as best in class within competitive markets.

The Quality and Customer Satisfaction strategy is supported by the three-year Customer Satisfaction Plan, which includes seven basic levers:

1) **Compliance** and 2) **Responsiveness** are the building blocks 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** and 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 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 force 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 the 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. It also ensures that the specific expectations central to each of the markets are taken into account.

   Renault is also keen to meet the specific mobility requirements of vulnerable population groups such as those experiencing financial hardship or the disabled (see 2.2.3.1 and 2.2.4);

7) Finally, **Communication** enables us to advertise our achievements and progress in terms of Quality and Customer Satisfaction. This involves promoting collective, regional and local achievements in this area, with a view to making each of our employees brand ambassadors based on objective evidence benchmarked against our competitors. It also means providing external communication teams with objective evidence of our progress.

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.

2.3.3.3 PROMOTING CSR THROUGHOUT THE SALES NETWORK

Renault ensures the protection of health and the environment in all aspects of its vehicle sales and after-sales. This involves the use of environmental management within its distribution network, as well as controlling the composition and the environmental footprint of its products, parts and accessories that are sold or used for the servicing of its vehicles, and finally the recycling and recovery of end-of-life vehicles and parts. These points are discussed in 2.6.2.2.

2.3.3.4 RESPONSIBLE COMMUNICATION

ENVIRONMENTAL COMMUNICATION

As a partner of the Paris Climate Change Conference (COP21, 2015) and the Marrakech Climate Change Conference (COP22, 2016), Renault provided a fleet of electric cars for use by accredited UN delegates (see box in section 2.6.3.1 Energy and climate change). Over the past two years, Renault has mainly focused its environmental communication on the environmental and public health benefits of electric vehicles. It has specifically highlighted their ability to significantly reduce the contribution of private transport to global warming and urban pollution, as well as the potential synergies with the development of renewable energy (see sections 2.6.3.1 and 2.6.3.5 for more details).

Renault also highlighted the achievement, one year in advance, of the carbon footprint reduction target it had set for the End of 2016 (see section 2.6.3.1), and its selection to the CDP A List of companies considered by the international organization CDP as world leaders in the fight against climate change (see sections 2.6.3.1 and 2.9.6.1).

Finally, following the recent media attention, in 2016 the Group reported on its action plan to reduce pollutant emissions from its diesel-powered vehicles (see section 2.6.3.5 for more details).

ECO2 LABEL

As part of the roll-out of new Groupe Renault brand strategies, the ECO2 label, launched in 2007, was further developed in July 2015. The new ECO2 label now applies solely to the Renault brand and aims to highlight the most competitive and high performance versions in terms of CO_2 emissions in use. In late 2016, 10 models, representing 98% of Renault passenger car sales in Europe, were available in an ECO2 or Z.E. (zero emission during use) version. The reduction in the environmental footprint of ECO2 labeled vehicles, compared to the models they replace, is also measured by a comparative Life-Cycle Assessment, which is critically reviewed by independent experts (see 2.6.2.1). Vehicle manufacture in an ISO 14001 certified plant, which represents a core company commitment (all Group industrial sites have been ISO 14001 certified since 2008), is no longer highlighted as one of the distinctive criteria of the ECO2 label, though it is still one of the award criteria.

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 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 with a critical review by an independent expert once finalized. The LCA for the ZOE and KANGOO Z.E., updated using the latest LCA methodology, is also available on request.

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 web-sites 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.

MARKETING COMMUNICATION

In France, Renault submits most of its advertising projects to the French Regulatory Authority for Advertising (ARPP).

In 2008 Renault signed the responsible advertising Charter drafted by the National Association of Advertisers (UDA).

In keeping with this Charter, a program is underway to make materials destined for the network paperless, with the creation of electronic web-based communication zones. To economize further on advertising materials, reusable point of sale materials have been developed to limit the number of disposable items, which waste large quantities of paper.

2.3.3.5 DATA PROTECTION ♦

In view of its digital transformation and the changes in its connectivity and "data" activities, Groupe Renault has organized its teams to strengthen its actions in respect of personal data protection and the privacy of its employees and customers with the CIL (Data Protection Officer).

Groupe Renault also took part in work launched by the Data Protection authorities in France - the Commission Nationale de l'Informatique et des Libertés ("CNIL") - to prepare a "Connected Vehicle" compliance pack. Connected vehicles, requiring the processing of personal data from users, are development and innovation challenges. This approach, also carried out at a European level, aims to constitute a compliance "tool box" specifically for connected vehicles, and to promote a "privacy by design" approach.

May 2016 saw the entry into force of the European legislation (EU/2016/679) on personal data protection, which will apply to both EU and non-European companies that deal with Europeans from May 25, 2018. To anticipate these changes, Renault has launched a program involving Group entities, Nissan and its partners, to implement an organization, governance, processes and tools designed to protect the personal data of its employees and customers.

This item is also detailed in 3.1.4.3.

2.3.3.6 RESPONSIBLE FINANCING

Across the world, RCI Banque group provides Sales Financing for Groupe Renault branded vehicles and, depending on the location, for Nissan. In terms of its retail and business customers, it offers loans for the purchase of new or used vehicles, leasing with purchase option, hire purchase, long-term leasing and a complete range of maintenance and warranty-related services.

During any transaction, RCI Banque ensures that the financial products being sold meet customers' requirements and their ability to make reimbursement.

Furthermore, Diac, the financial institution subsidiary of RCI Banque, chose to take part in the Garages Renault Solidaires project by offering microcredit financing to vulnerable customers eligible for the Mobiliz program (see 2.2.3.1).

♦ *GRI [G4-DMA]*

2.4 Human capital: committed to sustainable growth ♦

Groupe Renault's human capital comprised 124,849 employees (on permanent and fixed-term contracts) in 2016 across the 121 entities and 37 countries in which Renault operates.

Their skills, motivation and reflection of diversity contribute to the growth of the Group by meeting customer expectations. Committed to sustainable growth, Renault implements a global, fair and competitive HR policy. HR standards, processes and policies 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 strengthened areas of convergence within the Renault-Nissan Alliance. The aim is to support the growth of both groups and boost synergies so that Renault and Nissan can benefit from best HR practice.

To support the Group's sustainable development performance, Renault has introduced an HR policy focused on three priorities:

- optimizing the allocation of resources and developing related skills;
- developing high-potential employees and promoting diversity;
- enhancing employee commitment.

These priorities and policies are defined and rolled out across the world in line with our commitment to high-quality social dialog.

On July 2, 2013, Renault, the Groupe Renault Works Council and the IndustriALL Global Union signed a global framework agreement entitled "Committing together for sustainable growth and development", designed to take into account the new economic and social requirements and support the Group's international strategy. In doing so, they made a joint commitment to five key areas for action, in every country where Renault operates:

- respect for fundamental social rights;
- responsibility towards employees;
- social responsibility;
- relations with suppliers and subcontractors;
- preservation of the planet by reducing the environmental footprint.

With this agreement, Groupe Renault is therefore strengthening its commitments to fundamental labor rights:

- compliance with the principles set forth in the International Labor Organization's (ILO) 1998 Declaration on Fundamental Principles and Rights at Work (effective abolition of child labor, elimination of all forms of forced or compulsory labor, elimination of discrimination in respect of employment and occupation, and freedom of association and the effective recognition of the right to collective bargaining);
- compliance with the universal principles relating to Human Rights that make up the Global Compact adopted by the United Nations and to which Renault signed up on July 26, 2001;
- compliance with the OECD Guidelines for multinational enterprises adopted on June 27, 2000 and updated in May 2011, as well as ILO convention number 158 of 1982;
- recognition of ISO 26000 as a reference standard. It also commits to respect and develop its employees worldwide, to promote social dialog, take action in respect of health, safety and quality of life at work, to promote the employment of its employees and to favor diversity.

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;
- subsidiaries consolidated globally, covering 120 entities (out of 121) and 97.3% of the Group's employees; the Company which meets the definition of joint operation is RNTBCI (India) for 66.67%;
- the "10 major countries" (Argentina, Brazil, France, India, Morocco, Romania, Russia, South Korea, Spain and Turkey), representing 89.5% of the Group's employees.

Regarding AVTOVAZ, for which the income statement will be consolidated as from January 1, 2017, the workforce is estimated at 51,500 (including subsidiaries) at December 31, 2016. Detailed data on AVTOVAZ's human capital will be included in the next Registration document.

Some indicators do not cover 100% of the consolidated scope due to data unavailability.

DATA COLLECTION

Three methods are used to collect employee data:

- the HR information system collects part of the data for the entire scope;

♦ *GRI [G4-20, G4-21]*

- the Talent@Renault tool deployed in 36 countries, as of year-end 2016, provides data for white collar staff. (Algeria, Argentina, Belgium, Brazil, Bulgaria, Chile, Colombia, Croatia, Czech Republic, France, Germany, Hong Kong, Hungary, India, Iran, Ireland, Italy, Malta, Mexico, Morocco, Netherlands, Poland, Portugal, Romania, Russia, South Korea, Spain, Serbia, Slovakia, Slovenia, Switzerland, Turkey United Kingdom, Venezuela, Austria and Sweden);
- for the data not available in these systems, a questionnaire is sent to the Regions. This questionnaire includes seven 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, total training hours, total management training hours, and percentage of disabled employees. 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 contractual working time (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 Europe Region, it is equal to end of month total headcount excluding employees under exemption of activity in the framework of 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 Europe Region, it is equal to end of month total workforce excluding employees under exemption of activity in the framework of GPEC in France.

Average active workforce: the average active workforce is equal to the total workforce, excluding “off activity” employees. Active workforce is measured every end of month. Average active workforce is equal to 12-month averaging of active workforce.

“Off activity”: all persons having an employment contract with the Company/entity and thus appearing in the registered 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 resignation notices, unpaid leave of absence for various reasons including long-term parental leave, sabbatical leave, end of professional career leave including exemptions of activity under GPEC in France, leave for business creation, parental educational leave, absence due to long-term illness or accident after exhaustion of 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 “off activity” employees.

Number of Group redundancies: termination of permanent contract or early termination of fixed-term contract 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 (example in Morocco) are not considered as redundancy.

Percentage of female 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 which 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.

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.

F1 rate: Workplace accidents of recorded employees (on permanent, fixed-term or apprenticeship contracts) requiring external care or medical leave of absence, per million hours worked.

F2 rate: workplace accidents of recorded employees (on permanent, fixed-term or apprenticeship contracts) requiring external care, per million hours worked.

G1 rate (severity of workplace accidents): number of calendar days of lost time due to workplace accidents, per 1,000 hours worked.

For the F1, F2, G1 rates, the working hours are increased by 10% in order to take into account the time before and after effective working hours where the employee is exposed to a risk of accident within the entity.

Occupational illnesses: reported occupational illnesses expressed in thousands per 1,000 employees.

Employment rate of disabled people: percentage of disabled employees 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.

2.4.1 Optimize the allocation of resources and develop skills ♦

In support of the Group's growth, the Company is working to constantly improve its competitiveness around the world. Renault has improved its workforce management and the development of its strategic skills. This section reviews all data concerning employment, labor costs, the organization of work, and training.

2.4.1.1 THE WORKFORCE BREAKDOWN AND TRENDS ♦

BREAKDOWN OF WORKFORCE BY REGION OVER THREE YEARS AND AVERAGE WORKFORCE

Scope of labor reporting	2014	2015	2016	Percentage in 2016
Group* (permanent + fixed-term)	**117,395**	**120,136**	**124,849**	
Europe	65,902	67,973	70,616	56.6%
o/w France	46,365	45,579	46,240	37.0%
Africa Middle East India	10,750	11,978	12,759	10.2%
Americas	10,091	9,488	10,120	8.1%
Asia-Pacific	4,360	4,356	4,499	3.6%
Eurasia	26,292	26,341	26,855	21.5%
Average Group workforce	119,601	118,766	122,493	

* *Expatriates are counted in their home country.*

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 89.5% of the total workforce.

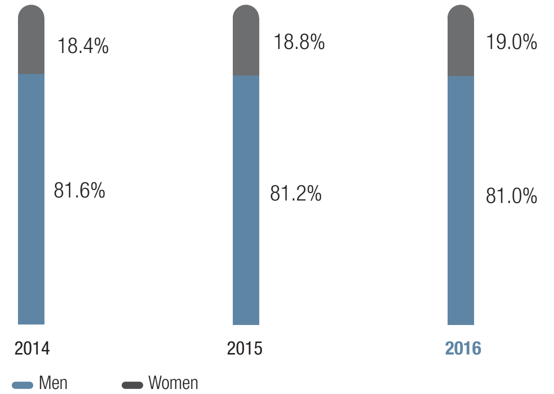
As of December 31, 2016, the Group's workforce (permanent + fixed-term contracts) totaled 124,849 employees, with 121,743 in the Automotive branch and 3,106 in the finance arm. This represents an increase of 3.9% on 2015 (120,136 employees as of the end of 2015). The increase is due to both the increase in manufacturing requirements in the Europe, Americas and AMI Regions, and the strengthening of engineering activities in both the France Engineering division and local engineering units in other Regions to prepare for the future in the context of major technological changes.

The growth in the workforce in Europe in 2016, combined with the positive impact of competitiveness agreements and the success encountered by models made in Europe reflect one of the commitments made under the competitiveness agreement.

In the AMI region, the rise in the workforce is mainly due to plant expansion in Morocco and an increase in engineering activity in India.

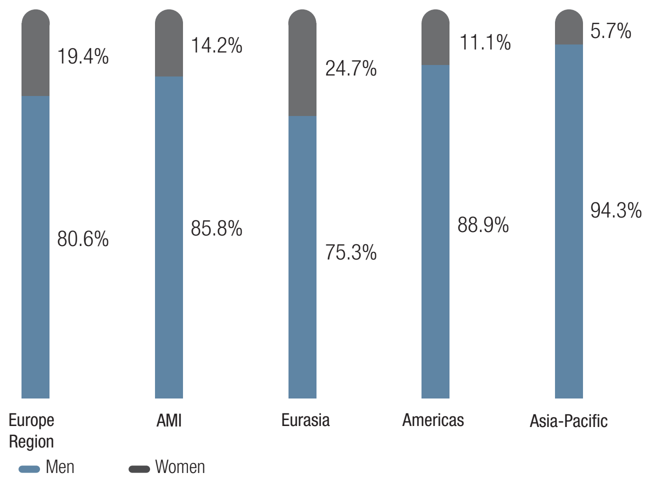
BREAKDOWN OF MEN/WOMEN IN THE WORKFORCE OVER THREE YEARS

As of December 31, 2016, the proportion of women in the total number of Group employees continued to rise steadily as the workforce is gradually renewed, to represent 19% of the Group's workforce today, versus 18.8% at end-2015 and 18.4% in 2014. The proactive policy in terms of diversity in recruitment plans will result in this progression continuing in future reports.



♦ *GRI [G4-9, G4-10, G4-LA1, G4-LA12]*

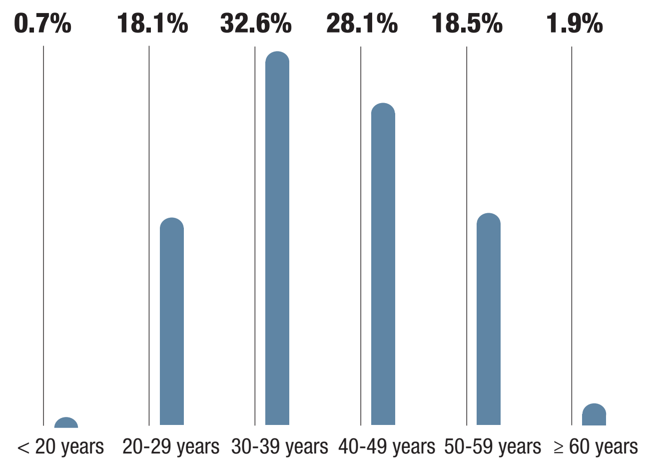
BREAKDOWN OF MEN/WOMEN BY REGION



The breakdown of men/women is calculated on the basis of fully consolidated companies (121,477 employees) as of December 31, 2016.

BREAKDOWN OF WORKFORCE BY AGE

Recruitment has maintained a well-balanced breakdown by age: 19% of employees are under 30, 33% are between 30 and 39, 28% are between 40 and 49, and 20% are over 50.

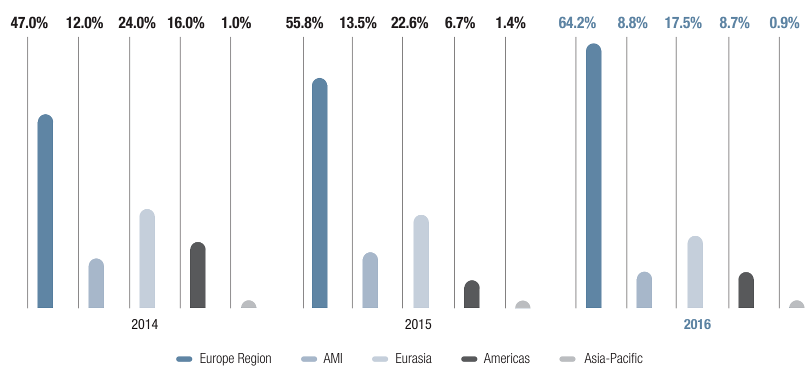


The breakdown by age is calculated on the basis of fully consolidated companies (121,477 employees) as of December 31, 2016.

RECRUITMENT BREAKDOWN

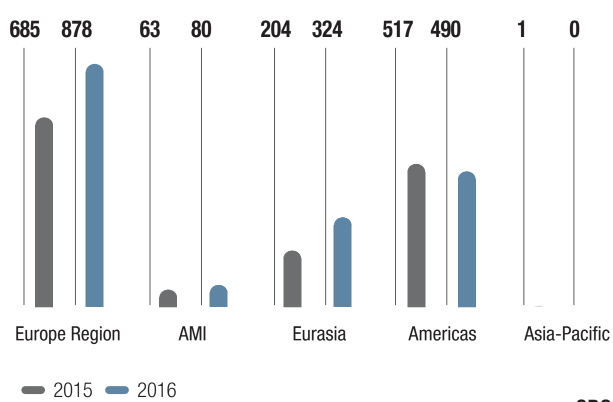
At December 31, 2016, Renault had recruited 19,085 people (permanent and fixed-term contracts), an increase of 10% on 2015. As indicated earlier, this recruitment was carried out in response to business growth in Spain, Morocco, Turkey and India and in order to prepare for the Group's future skills needs. In France, commitments under the competitiveness agreement were exceeded, with nearly 3,000 hirings on permanent contracts over the period of the agreement, including around 2,000 in 2016 alone, in line with the steep rise in production volumes to meet commercial demand. At December 31, 2016, Renault had recruited 1,536 people as apprentices.

BREAKDOWN OF RECRUITMENT BY REGION OVER THREE YEARS



BREAKDOWN OF REDUNDANCIES BY REGION

At the same time, the number of redundancies stands at 1,772, a rise of 20.5% versus 2015 (1,470).



2.4.1.2 CONTROLLED LABOR EXPENSES

Against the backdrop of strong growth in activity and revenues in 2016, Group labor expenses totaled €5,747 million in 2016, of which €5,508 million were in the Automotive branch. They were higher than in 2015 in value (up by €339 million), however remained on a downward trend in proportion to Group revenues, going from 11.9% to 11.2%. The "10 major countries" (Argentina, Brazil, France, India, Morocco, Romania, Russia, South Korea, Spain and Turkey) accounted for 88% of the Group's labor expenses.

Labor expenses by Region	2014	2015	2016	2016 average cost
Group	**5,248**	**5,408**	**5,747**	**46.9**
Europe	3,889	4,061	4,349	62.8
o/w France	*3,004*	*3,066*	*3,221*	*70.2*
Eurasia	555	501	521	19.6
Americas	389	368	368	37.6
Asia-Pacific	255	298	306	69.0
Africa Middle East India	160	180	203	16.4

* *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.

In **Spain**, the 2014-2016 labor agreement signed with the three largest labor unions (UGT, CC.OO and CCP) has enabled the Company to meet the high demand for the CAPTUR by putting in place a voluntary, "anti-stress" team. This gives the Company the possibility of working seven days a week, while ensuring, with the help of the medical services, that there is no interference with employees' biological rhythms.

In **Slovenia**, the agreement concluded on October 30, 2014 with the social partners covering the years 2014, 2015 and 2016 combines fluctuating activity, adjustment of working time, employment and compensation.

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. Almost 2,400 employees had participated in this program as of end-2016. 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. To date, 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;
- **Argentina** has also been trialing a telecommuting scheme since November 2015. By end-2016, 84 employees had requested to join the scheme.

2.4.1.4 DYNAMIC SKILLS MANAGEMENT ♦

In a continually changing industry, dynamic skills management is a key driver of performance. This means adapting the Company to major changes in the business – while preserving its human capital – and at the same time developing its ability to innovate for increasingly demanding markets and customers. This dynamic skills management policy gives employees the means to upgrade the skills used in their jobs and improve their employability. It is ultimately a means of supporting the Company's transformation that impacts on Renault's four main business-lines: Conception, Manufacturing, Sales and Support Functions.

Each business-line – supported by HR and an expertise network created to develop and use in-house experts in each field – conducts a global **assessment** of its skills requirements to establish an overview of mid-term strategic skills requirements, in line with the real-world needs and priorities of different Renault entities worldwide.

The action plans resulting from these assessments are used to allocate resources efficiently, define strategic recruitment needs, focus training programs on the relevant skills development and retraining, and map out career paths within the broader scope of the Renault-Nissan Alliance.

♦ *GRI [G4-DMA, G4-LA9, G4-LA10]*

Accordingly, the **Quality and Customer Satisfaction department** launched a project to align its business-line criteria (jobs and related skills), and to update its organizational structure and its French and then international missions from the beginning of 2017, with the purpose of establishing its strategy and planning for changes to its business activities. Following initial work, a current skills map was produced that will enable the Quality training school *(école de la Qualité)* to ensure that its training offer is compatible with the needs identified as well as enabling managers to prioritize employee training measures in 2017, and to steer recruitment measures.

The Manufacturing business-line, which is one of the cornerstones of Renault's performance, has set up a "Graduate Program", which aims to create a melting pot of team and departmental leaders by training young talented people brought in by management on the ground. Candidates follow a comprehensive and motivating career path, starting with an initial placement as a head of a plant UET (Elementary Work Unit), then centrally to gain a more strategic vision, and finishing as a plant team leader.

THE GPEC IN FRANCE

In France, the Skills and Employment Planning agreement (*Gestion Prévisionnelle des Emplois et des Compétences*, GPEC), signed on February 4, 2011, was extended by the Social contract as part of a new growth and social development trend at Renault France, from March 13, 2013 to December 31, 2016. 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 9,000 employees will have signed up for the various initiatives offered by the GPEC: support for the start-up or takeover of a business, a period of external mobility, or dispensation from work activities for employees aged 57 and over who may draw on their retirement pension in the three years following adhesion to the system. Training/retraining programs have been developed to enable employees to change business-lines by teaching them skills both more strategic for the Company and more useful in terms of employability. For example, certified training courses were organized in 2014 for manufacturing, leading to an approved metallurgy qualification. These include "Industrial tool and die maker", "Process maintenance electrician" and "Industrial maintenance engineer"

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

At Renault, ongoing training and employee development is crucial to customer satisfaction, enabling us to maintain our innovation and performance, edge and appeal in an industry which is in flux. For this reason we set up an Alliance Expertise Center in April 2016, dedicated to training and employee development. Thus, in 2016 Renault committed to a new training initiative based on three pillars that will structure all action and investment for the coming years:

- **Employee development**, with three main axes which are business-line skills development, management quality development and support for the Company's digital transformation.

  The Group covers all professional training areas, using both actions which are specific to each business-line and cross-disciplinary actions.

  The Group's training policy for **business-line skills** prioritizes the development of so-called critical skills and retraining on sensitive skills. A total of **13** schools are developing their global training policies based on the dynamic skills management concept. These training priorities are then rolled out worldwide, country by country.

  In 2016, the business schools worked on ensuring that their training courses are meeting the Company's needs by taking into account the impacts of Company transformations and key business issues on technical skills They also increased the international scope of their offers.

  For example, in 2016, the Purchasing School entirely updated its training offer by incorporating Nissan modules and by developing expert modules to cover all the skills development requirements identified by its Skills mapping.

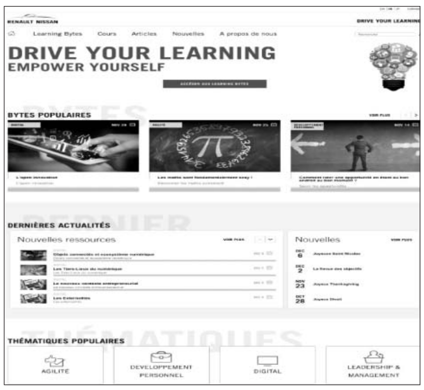
  The Safety School developed integration and professionalization training within the Prevention and Protection function, on the one hand, and acted to integrate Overall Safety in manager training, particularly risk management and crisis management on a world scope.

  Amongst the initiatives taken by the Engineering School in 2016, three illustrate in particular the different levers implemented to support skills development for engineering teams. The first is support by training in the technological developments of our occupations in line with electrification and hybridization of vehicles. These are individual professionalization programs, destined firstly for test specialists, in particular those dealing with bench tests, with the aim of improving their electricity, electronics, mecatronics and hybridization skills. These programs, planned over three years, initially concern around 70 technicians. The second initiative reflects the change of course in the digital transformation of training offers to support participants' changes in behavior and expectations. Several pilots were launched to explore new learning options, such as video learning for people steering projects, a worldwide network game on managing modifications to series, interactive e-learning on operational engineering processes. Lastly, for the first time in 2016, 570 Engineering managers used the Skilling Up tool, an individual and collective skills management tool that enables a direct link to be made between skills assessment and training programs.

Renault is also expediting the rollout of a common Digital Culture within the Group, via its Digital Passport. This is a three-part on-line program covering the Digital Passport, Digital Signatures and Expert Case Studies;

- Instilling a training and development culture enables continuing learning and allows employees to share their knowledge and experience.

For example, in 2016 Renault set up a Worldwide Intranet Training portal called "Drive Your Learning" which provides access to over 400 learning nuggets (or bytes) in a range of formats including text, video and e-learning. The various modules primarily emphasize leadership, diversity, agility, technology, innovation,etc.



- **Training efficiency** through a shared high-performance infrastructure.

  In 2016 Renault made a commitment to optimize its range of training courses. We selected a supplier to provide Groupe Renault distance language learning to develop employee language skills, using modern training solutions to gain a higher training capacity and optimize our training costs.

Our global, digital and international learning platform has proved to be a real driver of efficiency and success.

In 2016, the number of training hours for registered Group employees (permanent and fixed-term contracts) amounted to 3,229,668. The breakdown of training hours by region was as follows:

BREAKDOWN OF TRAINING HOURS BY REGION

Regions/training hours	2015	2016
Americas	181,443	165,089
AMI	468,226	281,809
Asia-Pacific	91,805	118,164
Eurasia	756,871	945,576
Europe (excluding France)	870,079	874,292
France	827,928	844,738

The breakdown of training hours in the Group's 10 major countries, representing 90% of Groupe Renault's workforce, was as follows:

2016: NUMBER OF TRAINING HOURS IN THE 10 MAJOR COUNTRIES

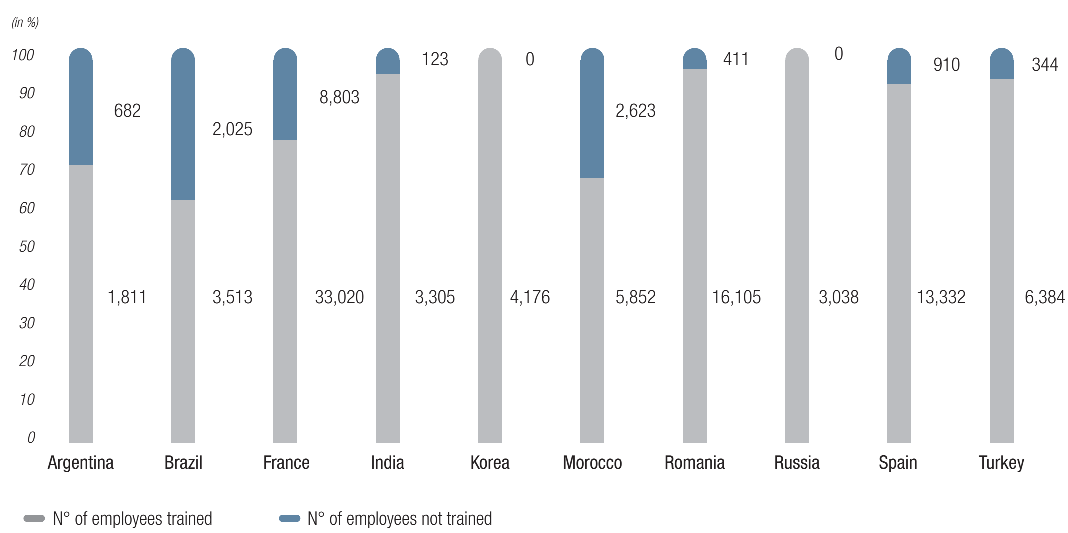
Training/country	Argentina	Brasil	France	India	Korea	Morocco	Romania	Russia	Spain	Turkey
Total hours 2014	35,229	105,298	759,745	222,885	32,954	157,535	467,034	81,596	437,307	230,087
Total hours 2015	35,057	83,642	827,928	161,654	91,805	280,875	417,151	63,286	643,652	274,121
Total hours 2016	45,400	71,538	844,738	158,277	118,164	118,621	465,297	97,998	641,874	379,383

Renault Russia recognizes the importance of employee skills development in a period where the economic crisis in Russia is taking its toll on the Automotive sector. Training is a strong lever for this reinforcement; we observe a +55% increase in training hours; two programs for middle managers at country level and a development program for senior managers at a regional level have been launched.

RATE OF ACCESS TO TRAINING AND AVERAGE TRAINING HOURS BY EMPLOYEE

In 2016, the rate of access to training by the Group's active workforce stood at 84.5%. Average training length was 27.1 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 MEDIUM-TERM PLAN

Since 2010, the network of strategic fields of expertise has supported customer satisfaction, the strategic priorities and Company performance, by constructing and driving the necessary skills.

It is mapped to cover all of Renault's major business-lines, and frequently changes to support the Company's strategic priorities. It comprises four levels: including an expert fellow, 42 expert leaders, 167 experts and 434 consultants, adapted to fit the scope of a range of topics.

This is coordinated through the expertise network and it uses a systematic benchmarking system, which primarily covers skills and new ways of working with our partners.

The network is fully-integrated into the Medium-Term Plan, and enables us to build and share our vision on strategic areas (EVs and their ecosystem, future driving positions, multiple material assembly, web safety, new means of mobility, etc.), to develop business-line road maps which are system-based or technological (perceived quality, E/E architecture, assembly, batteries, logistics, etc.), methodological (simulation, system engineering, testing) or dedicated to a function (after-sales, etc.).

It also accelerates the rate of innovation while building quality assurance. Likewise, it plays a key role in the Customer Satisfaction Plan.

Its links to the Nissan network improve synergies in terms of our vision and technical standards.

The Network's goal for 2017 is to launch operations in the three areas of electric vehicles, connected vehicles and driverless vehicles.

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 THE RENAULT-NISSAN ALLIANCE

Renault wants to benefit from the cultural diversity and wealth of experience of all its component parts. Diversity is a key driver of employee performance, motivation and commitment. It is a decisive competitive advantage: the varied educational backgrounds, talents and career paths of our staff are sources of innovation. The Company will be able to understand and best meet its customers' expectations by reflecting the many faces of the 125 countries in which it sells its vehicles. The promotion of cultural diversity is therefore a key driving force behind the Group's whole HR and CSR policy.

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 months, or who have obtained a degree abroad. In the past three years, Renault has exceeded its goal of 40% international profiles by the end of 2016, achieving 42.2% by end-December 2016.

AN APPROACH THAT FOSTERS COMMUNITY SPIRIT

To ensure that everyone has equal employment opportunities and that they can develop within the Company, Renault has embraced an inclusion approach to improve diversity. The process aims to recognize, understand and value differences so as to better integrate them. 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 multiple action plan.

This 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".

Renault is continuing to promote diversity in terms of gender equality, sexual orientation (lesbian, gay, bisexual and transgender), age and disability.

A COMPREHENSIVE POLICY FOR 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. The plan is overseen by two corporate governance bodies: W5, which steers the plan, and W20, which combines all Renault functions, and defines and monitors the action plans. 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:

- recruit women for 30% of technical positions and 50% of sales positions;
- increase the percentage of women in key positions in the Group to 25% by 2016.

At end-2016, women accounted for 19% of the workforce (compared with 18.4% in 2014 and 18.8% in 2015) and 18% of white-collar managers. Female representation is measured at all levels of the Company. Renault exceeded its objective with 25.9% of key positions in the Group (approximately 2,000 positions) versus 24.2% in 2015 and increased the percentage of female Group Executive Committee members, 25% of whom are women (vs. 18.2% in 2015). Finally, 33.3% of the members of Renault's Board of Directors are women (in accordance with the Afep/Medef Code).

In addition to these calculated objectives, women have also been offered development tools: the mentoring and specific training plans to realize their full potential and foster leadership skills.

Renault is also attentive to the issue of gender equality and of promoting a work-life balance for everyone. In France, there have been a number of advances, including:

- annual statistical analyses, which show that, on average, gender equality is achieved;
- a specific budget which has been set up to ensure that the Company agreement on pay for women on maternity leave is applied;
- in 2012, an agreement on gender equality in the workplace was signed allowing, for example, the ongoing deployment of telecommuting and recognition of the diversity of family situations in the HR policies (marriage, civil partnership (PACS), blended families, etc.).

♦ *GRI [G4-DMA, G4-LA9, G4-LA10]*

Other measures have been implemented in various countries closely reflecting local concerns, with the creation of nurseries in France and Brazil and breastfeeding rooms in Argentina and Spain.

The second component of the Women@Renault plan is based on **an internal social network**, which has been gender-mixed from the beginning, international and multi-category, where men and women discuss the progress of the equality initiative and analyze best practices in terms of training and career management. It currently has over 5,000 members in **14 countries**, 25% of whom are men.

The network organizes, both centrally and in the countries, events and initiatives to promote gender equality and to encourage women to adopt the networking reflex in order to boost their career progression with help of the development of an effective community. Discussions take place on a web platform comprising a web-site, a blog and ideas forums.

Women@Renault: a strongly present commitment within the Company, extended to society as a whole.

In 2016, lunches, round tables and discussions were organized within the Company and were attended by both women and men. Running of employee development workshops, by Women@Renault: more than 300 men and women attended these workshops in the Paris Region in 2016.

In 2016, the gender diversity policy continued to be implemented with actions to increase awareness of **stereotyping**, focusing on plant managers in the Europe region.

In March 2016, Groupe Renault was involved in the sixth 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. This year, Renault proposed and held a workshop on social "intrapreneurship", specifically through the Mobiliz program and its partnership with the association Les Pionnières.

In 2016, Groupe Renault continued to dedicate resources to this area in France, working with young girls as part of the ***"Elles Bougent"*** initiative. Specifically, Renault organizes plant tours and meetings for high-school students and *"Elles bougent"* mentors. The goal of these female mentors, which include Renault employee volunteers (more than 80), is to create a dialog with these young women and encourage them to consider scientific and technical careers. *Elles Bougent* and its partners invited 150 female high school and university students to an exclusive tour of the Paris Motor-Show.

Renault is a member of ***Observatoire de la Parentalité***, a corporate parenthood observatory that seeks to balance professional and family life as a sustainable performance issue. The 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.

Renault Slovenia and **Renault Portugal** joined the Women@Renault network in 2016, in March and June respectively.

In September 2016, **Women@Renault Romania** held its fourth Diversity Gala, which was formerly the "Successful Women's Gala". This event rewards both male and female employees for the excellence in their role, their impact on the business and their leadership skills, as well as their contribution to diversity (in respect of gender, origin/nationality, health/disability or age).

In July 2016, **Women@Renault Turkey**, held its first "Girls Day" for interns, to highlight the experiences of being a women in an industrial environment.

In 2016, with the support of Women@Renault, **Renault Argentina**, a signatory of the United Nations Global Compact for companies, was selected to sit on the program's Management Committee in the country. Renault was therefore invited to join the delegation representing Argentina at the UN Global Compact Leaders Summit 2016, held in New York on June 22 and 23, 2016.

Renault Brazil won the gold award at the WEP (Women Empowerment Principles) ceremony in March 2016, to reward its work to empower women. The prize is awarded based on a six-monthly assessment of the seven empowerment principles as defined by the UN.

In March 2016, **Women@Renault Morocco** organized an *Elle comme Leader* seminar for all of the group's female managers. The event aimed to convey the fact that female leaders or future leaders have specific personal and professional development needs, and that it is crucial to strengthen their visibility as individuals and as a group.

In March 2016, **Renault Samsung Motors** opened a nursery with capacity for 24 children aged 2 to 3.

Following in the footsteps of Renault España SA, Renault España Comercial and Renault Consulting Spain, it was the turn of **RCI Banque Spain** to win the *Distintivo de Igualdad* equality label, issued by the Spanish Ministry of Health, Social Policy and Equality.

The Renault-Nissan Alliance sponsored the Women's Forum in France for the ninth consecutive year in 2016. 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 50 Renault and Nissan women and men from over 14 countries.

COMMITTED TO DISCUSSING IDENTITY AND SEXUAL ORIENTATION

As part of the discussions launched in France by a group of staff volunteers regarding sexual identity and orientation (lesbian, gay, bisexual and transgender) topics, a number of actions have 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 promotion and pay 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.

In May 2016, Renault held an internal conference on sexual diversity and orientation, which was supported by the Ethics department, the HRD and the DRSE. This conference provided an opportunity to share the content of the work carried out with a group of staff volunteers, to hear the experiences of employees from Renault and other companies, and to discuss the role of managers in this area.

In December 2016 Renault Spain, in the context of the second annual diversity congress (open to those within and outside the Company), tackled the topic of sexual orientation, both in terms of ethics and inclusion.

PROMOTE 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 long "generation contract" signed with labor unions in 2013 promotes employment for young people and senior workers, as well as encouraging solidarity between generations. It states that 30% of new hires on permanent contracts must be young people, and 10% former holders of work/study contracts. For example: in 2016, more than 40% of new hires (in all socio-professional categories) were under 30. Likewise, the agreement commits Renault to ensuring that 2% of permanent hires are for those aged 50 and over.

Renault pursues an active policy in relation to young people, from college until they enter working life. 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 chapter 2.5.1.1.

In 2016, against a backdrop of large-scale recruitment, Renault was particularly active in France, in terms of employment, links with schools and sponsorship:

- at end-2016, 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 1,000 young people over the course of the year. Work/study contracts are one of the main recruitment pools for permanent hires. In addition, job forums with outside companies and CV workshops have been organized to facilitate job searches for interns and apprentices;
- 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 encountering difficulties in finding work, selected and identified by local initiatives and the job center, are taken on for around two years by a Group plant (Cléon, Douai, Flins, Grand-Couronne, Sofrastock and Maubeuge);
- as part of its higher education outreach policy, Renault has paid an apprenticeship tax to over 300 higher education establishments and authorized bodies;
- since 2006, Renault has been organizing, in partnership with the education sector and other companies, the "Course in Progress" (see chapter 2.5.1.3); the Group is also involved in sponsorship and partnership activities (see chapter 2.8.1.3). In June 2015 and 2016, to support its recruitment drive, Renault took part in the *Challenge du Monde et des Grandes Écoles*.

FACILITATE INTEGRATION OF PEOPLE WITH DISABILITIES INTO THE WORKFORCE

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 2016, in France, the Company pursued its disability measures by entering into its seventh agreement.

The employment rate for people with disabilities has seen a slight decrease: 3.25% at end-2016, versus 3.44% in 2015 at Group level (Scope: 98% of workforce). These initiatives cover four areas.

- integration: In France, Renault committed to hiring 25 people with disabilities over the duration of the ongoing agreement to support the integration of young people with disabilities through work-study contracts or Company internships, and in partnership with a number of professional integration associations;
- workstation adjustments (For example: software for the visually impaired, lifting tables, conveyor belts, pallet trucks, real-time transcription and sign language video interpretation service, to maintain the employability of people with disabilities;
- access to workstations and staff facilities: a handy and collaborative guide – Jaccede@Renault – has been produced and made available, which lists the areas of the Company which have disabled access, including the reception, auditorium, elevators, entrance and parking lots, restaurants and cafeterias, meeting rooms, rest rooms and locker rooms. Employees are encouraged to contribute to the guide, by citing new accessible locations or warning of temporary access issues encountered at any of the sites (elevator breakdown, works, etc.);
- prevention, awareness-raising and training: each year various initiatives are organized internally, mainly to develop managers and employees' understanding of the issues;
- the internal social network **Handi@Renault**, which aims to support the inter-departmental action plan, now has over 1,400 able-bodied and disabled members. It is a platform where employees can talk about disability, share the latest news, report any issues encountered and promote 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 work towards changing opinions on disability, such as **workshops by Handi@Renault**: *Voir ma vie* (raising awareness of visual impairments), *Fais-moi signe* (sign language), *Dys-moi tout* (awareness of dyslexia, dyspraxia, etc.);
- we also run a **disabled sport drawing competition** for children of employees or employees' friends or family;
- in France, Renault has continued its partnership with the **ARPEJEH** (French association which supports young disabled students), and encourages its employees to explain their jobs to these students;
- no less than eight sites took part in the 2016 **International Day of Persons with Disabilities** (Lardy, Aubevoye, Le Plessis, VSF, Choisy, Sandouville, Cléon and Flins): actions implemented to raise awareness and change Renault employees' perspective of disabilities included meetings with athletes from the Renault Disabled Sports Team, bottle-top collections,

meetings with ESATs, employee feedback and factory visits for disability associations;

- in sport, the **Handi@Renault** plan has led to several partnerships, notably with the French Sports Federation for Disabled People. Renault has been a partner of the French Sports Federation for Disabled People for 19 years, providing vehicles and financial support. In return the federation assists Renault with training and awareness-raising initiatives;
- before the Rio Paralympic Games in September 2016, Renault created a Renault disabled sports team comprising seven "athlete-ambassadors": Marie-Amélie Le Fur (France), three-time medalist in athletics, Élodie Lorandi (France), winner of two swimming medals, Maciej Lepiato (Poland), athletics gold medalist, Teresa Perales (Spain), four-time swimming medalist; Sandro Colaçao (Brazil, Wheelchair Fencing), who took part in the games but did not win a medal, Alim Latrèche (France, Wheelchair Fencing), not selected for the Games, and Akjana Abdikarimova (Russia, Athetics), four-time athletics medalist at the Russia Olympic Games;

Whether they are medal winners or not, these athletes have made exceptional sporting achievements, and sport has proven to be a great way of changing perspectives on disability;

The athletes attended the 2016 Renault employees **meeting**, and have also represented Renault at external events. For example, Alim Latrèche attended the opening of the Renault Tech showroom in Heudebouville dedicated to vehicles for people with reduced mobility (*transport de personnes à mobilité réduite* – TPMR), and Élodie Lorandi sponsored the *Nuit de l'Eau* 2016 in Orsay, a sporting event organized by the Renault Sporting Agreement to raise funds for UNICEF. Marie-Amélie le Fur also attended the *Course du Cœur* race to cheer on the Renault team, while Maciej Lepiato (Poland) visited schools, and in 2016 acted as the Sports' Week ambassador in Poland. Renault also created a special *Passion pour la liberté* web-site dedicated to the Teresa Perales' (Spain) commitment to Renault's specially adapted car range.

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.

After having rolled out its management standard across the entire Group, Renault is now making new tools available in order to root the standard in everyday practices. The Group is proposing a structured and dynamic skills development system for its managers.

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 makes it possible for succession plans to be drawn up and circulated by the HR function and management.

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 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 criterias in accordance with the Renault Management Way standard. Carried out with the assistance of a specialized consulting firm, the RLA is an employee development tool and also a decision-support tool for the Career Planning Committees that validate the selection of talented individuals 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 individual results produced from the RLA are shared with the employee in question, and used to draw up an individual development plan.

The RLA is also used for collective analyses which help to adjust the priorities of the Group ,and development tools. These development plans can combine several elements:

- complete training programs like those of business schools;
- training programs which strengthen specific skills, both in terms of knowledge (finance, international negotiations etc.) and in terms of soft skills (e.g. communications);
- 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-function teams;
- international assignment with higher level of responsibility.

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, 170 employees of Renault and Nissan were working at the partner Company in 2016. 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.

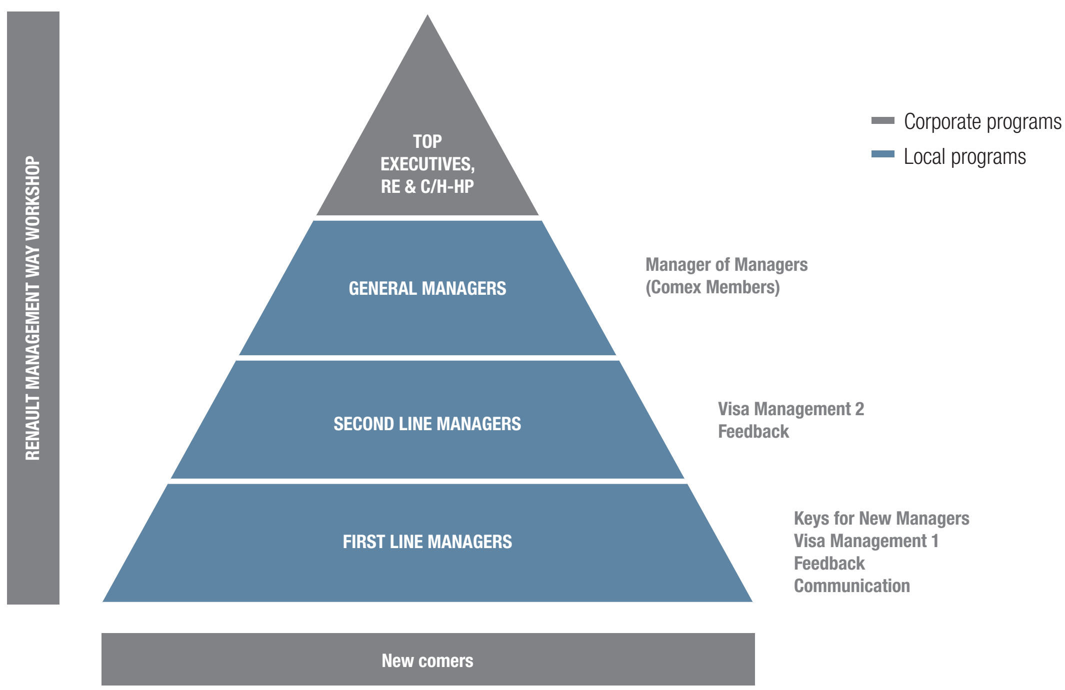
The links with Renault's other partners (Daimler and AVTOVAZ) are also reinforcing an international outlook and the capacity to work productively together.

2.4.2.3 TARGETED SUPPORT FOR MANAGEMENT DEVELOPMENT

Year after year, Groupe Renault continues to improve the quality of its management quality and its talents.

In 2016, the Group capitalized on its management training courses (renewed in 2014) by accurately targeting the needs of each responsibility level, and ensuring that all managers observe the Renault Management Way (RMW). These are shared management and business conduct criteria which apply to all areas of the Group:

- at the Group level, a one-day Renault Management Way workshop is held for all new managers to explain the management roles and standards expected of them in the Group;
- in each country, management training is conducted and organized according to the level of management responsibility (see example of France below).



In 2016, the breakdown of management training in the Group's major countries was as follows:

Countries	Number of managers trained	% of managers trained	Number of hours of training
Argentina	291	88%	22,679
Brazil	519	87%	11,306
France	3,337	67%	60,633
India	357	77%	14,149
Korea	316	100%	11,918
Morocco	267	33%	23,026
Romania	649	54%	24,726
Russia	324	100%	4,933
Spain	405	42%	9,225
Turkey	456	92%	20,571

To illustrate this, the following initiatives were carried out locally in 2016:

- in **France**, Groupe Renault continues to enrich and structure its training program for new managers to support them in their new managerial responsibilities. The two-part program includes: "taking on the role" (compulsory base of four modules to be followed over the first eight months) and "professionalization" (seven compulsory essential modules and 11 further training modules to be followed depending on needs during the first two years).

  This new, clearer offer enables better visibility on skills development and promotes the "promotion" spirit (a formula acclaimed by managers);
- the **Eurasia Region** implemented a new management program "Eurasia Leaders for Tomorrow" from June 2016. 38 top managers from throughout the Eurasia Region took part in this first edition. The 18-month program is built around three modules: a "team building" session, "coaching" sessions, group projects and "mentoring";
- the **first common pilot** training sessions between Renault and Nissan as part of the Alliance took place in Brazil, France and Japan and laid the foundations for an Alliance training offer to be rolled out from 2017.

Beyond this management training, the Company continues to broaden the different support levers for its managers:

- internal coaching: in addition to the coaching missions entrusted to external actors for a necessarily limited number of managers, Renault continues to develop internal coaching with the certification of new internal coaches (heads of HR or managers). For example, in 2016, Turkey carried out 65 internal missions and France 12;
- manager mentoring: in France, the mentoring approach has continued for new managers: the mentoree benefits from individual support from an experienced manager, trained in mentoring. The mentoring system was extended to current managers and recently, to the Group's new hires;
- the RMW Community: the first Groupe Renault managers' network, set up in 2014 for Group managers on the internal social network My Declic, opened its doors to all Renault employees through the Drive your Learning portal. All managers can now access 15 new learning capsules each month, with a strong focus on leadership and management themes;

RMW COMMUNITY

THE FIRST MANAGER'S NETWORK OF RENAULT GROUP

For whom?

The community is dedicated to **hierarchical managers,** which is more than **10 000 people** all over the world.

All managers are members by default, you just have to follow the link in the weekly email.

This area is yours.

What for?

Confront RMW sprit and its values to the outside world.

Offer one news a week to help you being a more efficient manager in an international company, in no more than 15 minutes.

Create a direct contact with all your fellow managers.

TRENDS / new trends impacting us

BUSINESS STORIES / benchmark within easy reach

LEADER'S WORDS / inspiring people

MANAGER'S WORKSHOP / education and information tools

How to contribute?

Comment posts to
- Make a clarification
- Initiate a discussion
- Share your questions
- Confide your experience
- Ask for other managers' opinion

In the news feed
- Share a news or a link to an article or a video
- Offer themes of discussion or topics to talk about

CONNECT NOW! **mycommunities.sharepoint.renault.fr/communities/renault-management-way/**

- RMW 360 Feedback. Available since 2014 on the Talent@Renault platform and in seven languages, this tool enables managers to get feedback on how their managerial practices and behaviors are perceived by their environment (managers, peers, employees). Based on the RMW referential, it defines consistently roles and rules. This means that individual managers can identify their strengths as well as areas where there is room for improvement. They are then invited to consolidate their findings in a personalized action plan built jointly with their line manager.

All these programs and tools have the Renault Management Way label, certifying that they meet Groupe Renault's management standards.

2.4.2.4 ENHANCING RENAULT'S IMAGE AS AN EMPLOYER OF CHOICE

To support recruitment in France and abroad, in 2016 Groupe Renault decided to bolster its digital strategy by launching a raft of initiatives:

- Renault's presence on **social networks**, including the world's main professional social network, LinkedIn, by adding a Careers tab 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 number of followers of the Renault LinkedIn page grew by 47% in 2016, compared with 2015. The Careers tab added for the above-mentioned countries made a significant contribution to this increase;
- 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 Alliance has also implemented the Elevate solution to promote its employees as ambassadors. This involves making both internally and externally-published articles available to 1,000 employees (500 Renault, 500 Nissan) who are regular web users, in order to increase visibility;
- the Group also decided to use the "Career Inspiration" app on its Corporate Career web-site. It 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 put together to form an FAQ, to provide quick and accurate information;
- **"Passion at work"** – this is a series of videos presented by employees who have been awarded prizes by the Company. The dynamic, informal tone of these videos conveys how passionately our employees feel about their profession. This video series was designed for use on the Careers site and on social networks.

2.4.3 Supporting employee engagement ♦

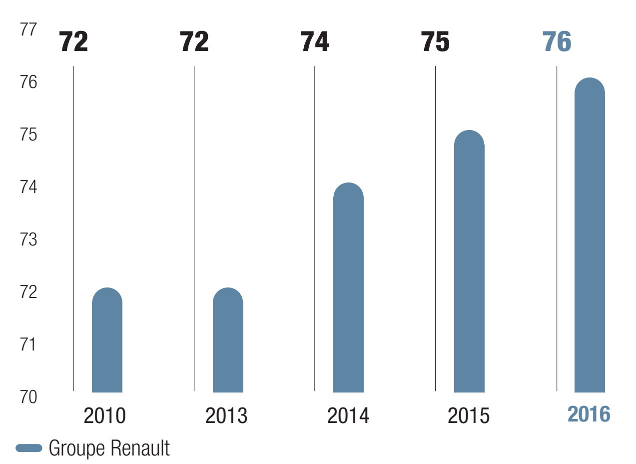
From October 24 to November 14, 2016, all Group employees were invited to express how they felt in terms of engagement through the **Group employee survey**. As in previous years, the survey was carried out by an independent firm(1).

This annual survey follows on from those carried out since 2010. Key indicators are monitored, and Renault's results are compared with the average of those of other companies in the tracking group the ("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**.

Over 96,000 employees took part in the 2016 survey, (a **participation rate of 88%**). **This rate is very high**, and has increased by 4 points in relation to 2015. It also exceeds the global standard by 8 points.

ENGAGEMENT RESULTS



(1) *Korn Ferry Hay Group is an independent firm which conducts the same survey for a number of major international companies.*
♦ *GRI [G4-DMA]*

Engagement describes Groupe Renault's ability to stimulate employee's enthusiasm, and to make employees want to come and work at Renault and to give the best of themselves. Engagement has increased by one point to 76%, and places Renault above the highest-performing companies.

The key factors of engagement remain solid:

- pride in working for the Group: 83%, or four points higher than the global standard;
- motivation to exceed the required duties to contribute to Renault's success (82% or 11 points higher than the global standard);
- Renault's appeal as an employer (72% of employees would recommend it as an employer). This figure has increased by 3 points versus the previous year, and is 2 points higher than the global standard.

ENABLEMENT RESULTS

Enablement (the second indicator) describes Renault's ability to create conditions which enable the employee to most successfully perform his/her missions. A total of **65% of responses were positive**, a 2-point increase compared with 2015. The results showed improvement on the main issues: 70% of employees thought that their skills were well-used (3-point increase vs. 2015), and 68% found that their job enabled them to do interesting and motivating things (+2 points vs. 2015). Finally, 64% of employees believed that their team did not create any barriers preventing them from fully performing their role, resulting in an improvement on 2015 (+2 points), and a score that was 5 points over the global standard.

Apart from measuring changes in employee engagement, the survey results have been used to fine-tune the action plans implemented in 2016.

The next annual survey will take place end of 2017. 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 ♦

The occupational accident prevention, health, safety and work environment policy arose from the commitments made with the signing of the Declaration of Employees' Fundamental Rights in 2004, and which were reinforced by the international framework agreement of July 2, 2013 on corporate social responsibility. The policy applies to employees of the Groupe Renault's brands worldwide – Renault, Dacia and Renault Samsung Motors. Based on risk prevention, this policy aims to ensure employee safety, to maintain their physical and mental health, and to provide them with a motivating work environment.

MANAGEMENT SYSTEM

As revealed by the Group Salary survey, employee engagement is good but nevertheless there are opportunities to continually improve the Health & Safety Environment and working conditions.

With this in mind, and as of September 1, 2016, a new corporate Health, Safety and Environment (HSE) division has been created, reporting directly to the Executive Committee. This division covers the entire Group scope: manufacturing, engineering, sales and office activities.

The initial focus being to gauge the Mandatory rules deployment in the sites and simultaneously create related standards and perform coaching activities.

A newly defined more stringent KPI (FR1) will enable Groupe Renault to bring about further improvements in risk management and accident prevention.

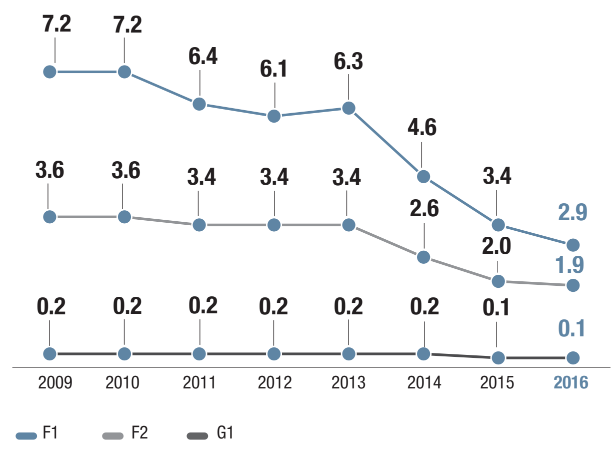
Groupe Renault endeavor to achieve 0 accidents was presented to the Unions at the active framework negotiations multiyear agreement in France.

With the resolve at all hierarchical levels, Groupe Renault is aiming to become one of the best industrial companies in the H&S domain.

WORKPLACE ACCIDENT TRENDS

The action plan implemented from 2013 onwards yielded significant results, particularly for industrial sites, with a large drop in the number of accidents:

EVOLUTION OF F1/F2/G1 RATE – GROUPE RENAULT



F1: frequency of workplace accidents requiring offsite care

F2: frequency of workplace accidents with sick leave

G1: severity of workplace accidents (calculated from the number of days of sick leave)

All Renault safety KPIs are showing positive trends (F1, F2 and G1). The KPIs only cover accidents to Renault employees.

As part of its continuous improvement program, new indicators will take effect from January 1, 2017,

The new KPIs will be 6 months rolling and address the following severity : FR0 (1st aid acts treated by 1st aiders), FR1 (Accidents requiring medical intervention beyond 1st aids), and FR2 (Accidents with sick leave).

WORKSTATION ERGONOMY

In addition to the Renault ergonomics assessment methodology and as part of its drive towards continuous improvement, the newly formed HSE division is supporting Renault ergonomists in developing ergonomic Golden Rules.

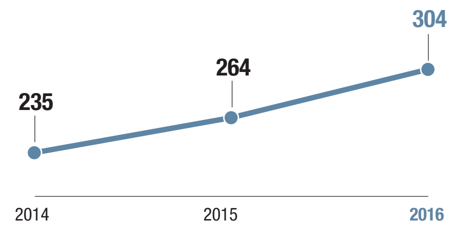
At the same time, statistics for rating posts (green = standard, amber = workstation with constraints, red = difficult workstation) are being revised and their reliability improved. The results of assessments carried out in 2016 indicate that the number of workstations in each category remained stable.

♦ *GRI [G4-DMA, G4-LA6]*

ROAD ACCIDENT RISK (ON PUBLIC ROADS) AND BREAKDOWN OF TRAFFIC ACCIDENTS

Traffic accidents include journeys to and from work at the start, and end of shifts, as well as during meal breaks.

The number of traffic accidents continued to rise in 2016, to reach 304. A joint collaborative project between the new HSE division and the entity in charge of traffic accidentology (DES Sécurité Routière) will launch a communication and awareness-raising campaign for Renault employees in May 2017.



The below data show that the majority of accidents involve cars or two-wheelers compared to pedestrian accidents and public transport vehicles. This is why Groupe Renault is intensifying its prevention policy (see. in chapter 2.7.1.4.).

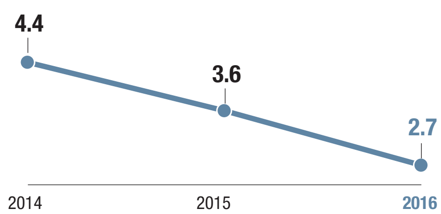
	Cars			Two wheelers			Pedestrians			Public transport		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Breakdown of lost time – commuting accidents	39%	40%	43%	34%	30%	30%	22%	23%	19%	5%	7%	8%
Breakdown of lost time – days	35%	34%	30%	45%	35%	42%	18%	27%	23%	2%	4%	5%

OCCUPATIONAL ILLNESSES

An occupational illness is one that requires a compulsory declaration related to exposure to specific dangers during the professional activity.

The new HSE division recognizes the difficulty in creating a global definition of occupational illness that is in line with legislation in all countries. As part of its continuous improvement, the HSE team is currently working on harmonizing and enhancing the reliability of data on occupational illnesses.

RATE OF OCCUPATIONAL ILLNESS

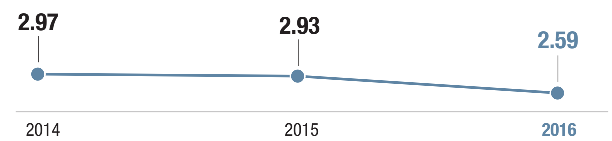


Rate of reported occupational illnesss per 1,000 employees.

The indicator includes occupational illnesses reported with or without medical leave of absence.

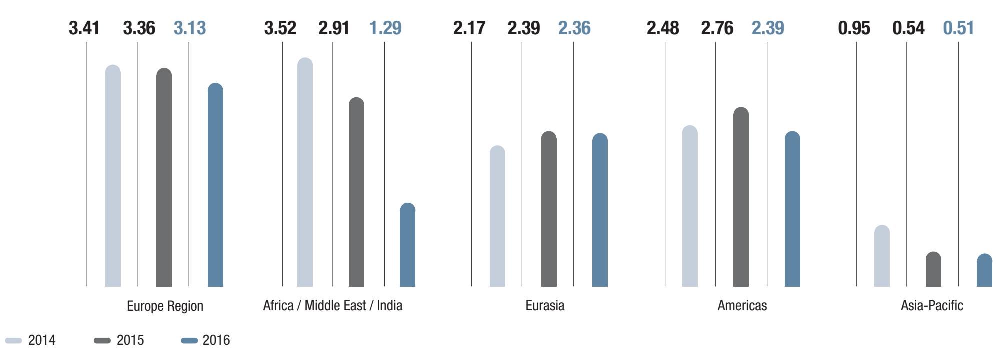
The rate of occupational illness has been declining since 2014. Work to optimize workstation ergonomy should help this reduction to continue.

GROUP ABSENTEEISM RATE



In 2016, the consolidated absenteeism rate for Groupe Renault scope fell to 2.59%, a reduction of -11.6% compared to 2015. This reduction is due in particular to site actions to reduce absenteeism on grounds of illness, notably thanks to health awareness and information policies. The rate of coverage for this indicator is around 94.7% of Group employees.

ABSENTEEISM RATE 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 framework multiyear agreement negotiated between the Executive Committee and the Unions.

The 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: participative management, acknowledgment, team spirit;
- health and well-being: intercultural exchanges, belonging to the Group, atmosphere.

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 annual 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-2016, this job assessment method had been introduced in 35 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;
- variable compensation is based on collective targets as well as the assessment of individual performance.

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 3.3.

♦ *GRI [G4-DMA, G4-EC3]*

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.

Fy 2016

A new agreement for 2014-2016 was signed on February 17, 2014. 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	Aggregate amount: incentive and performance-related bonuses (€ million)
2014	109.4
2015	111.1
2016	156.2

Employee stock ownership and savings

In France, Renault operates a voluntary company savings plan open to all subsidiaries that are more than 50% owned (ten 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 2016 total payments into Renault's savings scheme amounted to €42.2 million (up 122%, compared with 2015), of which 47% in the form of bonus transfers.

In 2011 Renault 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 Responsible range.

In 2016, total payments into Renault's Group savings scheme amounted to €13.7 million, of which 47% came from the cash-out of paid leave.

The total value of Renault's Company savings plans at December 31, 2016, was €888.8 million (see Appendix 2.9.1).

BNP PARIBAS E&RE is now managing 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 2016, social dialog within the Group remained dynamic, attesting to the wish 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 contrasting economic situations.

Based on this practice, in 2016 Renault decided to partner with ESCP Europe and with three major international groups (Airbus, Sodexo and Solvay) 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.

♦ *GRI [G4-DMA]*

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 employee representatives from countries in which the Company is present, the Council reflects the geographical, social and professional diversity of Renault worldwide. In 2016 for the first time, the Worldwide Group Works Council welcomed a member representing Renault employees working n India.

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.

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.

2016 saw the creation of a special negotiating group, as recommended by the European directive 2009/38, with the aim of capitalizing on over twenty years experience acquired by the Renault Group Works Council and the signing of a new agreement on the operation of this Council. Twenty-two members representing the employees of 14 countries in the European Economic Area (Germany, Austria, Belgium, Denmark, Spain, France, Italy, Netherlands, Poland, Portugal, Czech Republic, Romania, United Kingdom and Slovenia) came together in the spring and signed a new agreement on the Renault Group Works Council on March 24, 2016.

This agreement notably describes the different forms in which the Group Works Council may meet:

- as the World Group Works Council, bringing together 40 members from 26 countries;
- as the European Group Works Council, bringing together 31 members from 19 European countries;
- as the Group Works Council Restricted Committee, comprising 11 members elected by the World Group Works Council;
- as the France Group Works Council.

2016 was also marked by an increase in the participative initiatives of the World Group Works Council, with in particular, exchange workshops during the annual monitoring meeting for the global framework agreement, on the subjects of ethics and building professional career paths.

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, in accordance with national legislations and local social dialog conditions.

In this context, the Groupe Renault Works Council, the Global Framework Agreement and the agreement relating to the Group Works Council are significant instruments for deploying our social policies at the international level.

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 in the workplace**, 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 it 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 Convention No. 138 of 1973 and Worst Forms of Child Labor Convention No. 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. It also recognizes ISO 26000 as a standard of reference.

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;
- other countries: 9 members.

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.

Groupe Renault Works Council may meet in several configurations including notably the Worldwide Works Council, the European Works Council and the Works Council Restricted Committee.

The Group Works Council principally met in 2016 as the Worldwide Works Council and as the Works Council Restricted Committee, with the attendance, as appropriate in light of the topics to be discussed, of other members. For example, the Brazilian member joined the Works Council Restricted Committee during the Learning Session in Argentina. The global framework agreement was also the subject of a Monitoring Committee and a follow-up meeting with all of the Worldwide Works Council members.

SOCIAL DIALOG AGENDA 2016

First half-year	Second half-year
Constitution, information, training of the Special Negotiation Group	Plenary session and meeting with the Chairman
Negotiation and signature of the agreement relating to the functioning of the Group Works Council of March 24, 2016	Learning session in Argentina (Buenos-Aires, Cordoba)
Presentation of new products and return to Formula 1	Meeting with national SMATA delegation (Argentina)
Renault's development in China, India and Turkey	
Distribution of spare parts and accessories in the Iberian Peninsula (closure of a spare parts and accessories center in Portugal)	
Security, Working conditions and employee survey	

Monitoring commission for the global framework agreement
• Development of engineering skills
• Joint project with the engineering center in Bucharest
	Monitoring meeting for the global framework agreement
	• New HSE organization
	• Country joint experiences on:
	  • Vitality in social dialog (Spain, Morocco)
	  • Implementing a social protection policy in Turkey
	  • CSR actions in Brazil
	  • Prevention of natural risks in Chile

In 2016, Groupe Renault Works Council held 22 days of discussions, including 3 days of plenary sessions, 3 days of negotiations for a new Works Council *operating agreement*, 5 learning session days, 3 days of monitoring the global framework agreement, 5 days of internal meetings and 3 days of Works Council Restricted Committee meetings.

♦ *GRI [G4-LA8]*

MONITORING THE GLOBAL FRAMEWORK AGREEMENT

In 2003, the signatories included in this agreement an **annual reporting tool 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 industry 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, four Learning sessions have taken the members of the Works Council Restricted Committee successively to Morocco, Brazil, Romania and Argentina.

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.

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 ♦

Multi-annual competitiveness agreements enable the interests of the Company and of employees to be reconciled.

In **Argentina**, the competitiveness agreement signed in March 2015 with the SMATA *(Syndicato de Mecanicos y Afines del Transporte Automotor)* led in 2016 to the complete transformation of the plant to house the production of three one-ton useful load pick-ups for Renault, Nissan and Daimler in 2018. The plant benefited from €600 million in investments and 850 new employees were recruited by Renault in Argentina.

In **Brazil**, the competitiveness agreement signed in 2014 with the SMC *(Sindicato Dos Metalurgicos de Grande Curitiba)* enabled the recruitment in 2016 – and in a country experiencing an economic crisis - of 500 blue-collar workers at the Body Assembly Plant to meet the increase in export volumes for other countries.

In **South Korea**, the agreement signed in 2016 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 **Spain**, a new competitiveness agreement was signed in the spring for the 2017-2020 period (the previous agreement having expired). This agreement includes greater working time flexibility, salary increases limited to 3.5% over four years, a reinforcement of the system of employment contracts for young people to facilitate the replacement of retirees, and the hiring of 2,000 people between now and 2020, including 1,000 people in jobs created by the implementation of a special team for weekends and public holidays. This agreement also enabled Renault to announce, from May, the signature of a new industrial plan in Spain for €600 million, which will translate in the production of a new vehicle, a new generation of the K9 engine and a new aluminum injection activity at the Valladolid plant, located in Northern Spain. The Seville plant will house the production of the TX30 gearbox destined for the Renault-Nissan Alliance.

In **France**, the agreement signed in March 2013 by the CFDT, CFE-CGC and FO enabled solutions to be found to cope with a European market in crisis and restore Renault's competitiveness in France. Its results are positive: retention of all industrial sites, increase of nearly 50% in production volumes between 2013 and 2016, nearly 3,000 recruitments with permanent contracts (four times the committed level), improved incentive system (over 50% between 2013 and 2016) and implementation of supplementary health insurance for all. As this agreement expired on December 31, 2016, the second half-year was spent negotiating a new agreement, with the aim of preparing Renault's future in France in a context of profound change in the automotive sector, in technological, societal and environmental terms.

In **Portugal**, the agreement signed in October 2016 for the 2017-2020 period enabled the future of this plant to be consolidated by a €150 million investment to prepare for the production of the JA gearbox, the recruitment of 150 people, the creation of a time bank and salary adjustment measures.

95.06% of Groupe Renault employees were covered by a **collective agreement**.

SUMMARY OF COLLECTIVE AGREEMENTS

The 36 major collective agreements signed this year with social partners at country level, and in force in 2016, testify to its desire for 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 employment protection agreements;
- agreements promoting diversity;
- agreements on organizational restructuring.

♦ *GRI [G4-11]*

Number	Countries	Description
		COMPETITIVENESS AGREEMENTS
8	Argentina	Competitiveness agreement of March 19, 2015
	Brazil	Acordo colectivo de Trabalho 2014-2016 of August 1, 2016
	France	Contrat pour une nouvelle dynamique de croissance of March 13, 2013
		Acuerdo de competitividad y empleo 2017-2020 by Renault Espana SA of April 5, 2016
		Convenio colectivo by Renault Espana, sa 2017 of July 11, 2016
		Convenio colectivo interprovincial de la empresa Renault Espana Comercial SA 2016-2019 of June 24, 2015
	Spain	Convenio colectivo by RCI Banque, SA 2015-2016, of December 22, 2014
	Portugal	Acordo de competitividade da empresa Renault Cacia SA of September 30, 2016
		COMPANY COLLECTIVE AGREEMENTS
3	Argentina	Agreement of July 27, 2016
	Morocco	Collective agreement by the SOMACA of July 1, 2016
	Romania	Collective agreement of February 11, 2016
		PROMOTING SOCIAL DIALOG
		Method agreement of September 16, 2016 - Renault s.a.s.
		Agreement of April 20, 2016 on electronic voting in elections for directors representing employees on the Renault Board of Directors
4	France	Method agreement of May 23, 2016 – RCI
	Belgium	Internal regulation of the Renault Belgique Luxembourg SA Works Council of December 12, 2016
		REMUNERATION, LEAVE ENTITLEMENTS, SOCIAL PROTECTION
		Betriebsvereinbarung of September 14, 2016
15	Germany	Betriebsvereinbarung über die Sicherheit im Internet gegen unbefugte IPN-Nutzung of March 7, 2016
		MCA Salary agreement of February 22, 2016
		STA Salary agreement of February 24, 2016
		Agreement of February 29, 2016 on salary negotiation (Fonderie de Bretagne)
		Agreement of March 2, 2016 on annual salary negotiation (Renault s.a.s.)
		Agreement of March 9, 2016 on salary negotiation (ALPINE)
		Agreement of March 24, 2016 on salary negotiation (Sodicam)
		Agreement of March 30, 2016 on salary negotiation (ACI Villeurbanne)
		Agreement of April 29, 2016 implementing an additional occupational death, invalidity and incapacity benefits scheme (SOVAB)
		Renault Sport profit-sharing agreement F1 2016-2017-2018 of June 3, 2016
		Agreement to adhere to the Renault agreement of 9/11/2014 implementing a compulsory health care cost reimbursement scheme for employees on October 21, 2016
		Amendment no. 2 of December 20, 2016 to the agreement of October 17, 2014 implementing a health care cost reimbursement scheme for employees of Renault Sport Racing
	France	Agreement of April 20, 2016 on the classification levels applicable to RRG qualifications
		PROMOTING DIVERSITY AND WELL-BEING AT WORK
		Agreement of September 28, 2016 in favor of disabled people (Renault s.a.s.)
		Agreement of June 14, 2016 to promote the employment of disabled people 2016-2018 (RRG)
4	France	Agreement of July 22 on home working (SOVAB)
	Spain	Compromiso Work1Life Renault Espana Comercial, SA of April 1, 2016
		ORGANIZATIONAL RESTRUCTURING
2	France	Fixed-term agreement of April 21, 2016 on the work sessions of May 5 and 6, 2016 (Sovab)
	Slovenia	Dodatek st.2 K Dogovoru za obdojbe 2015-2016 of September 2, 2016

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.

The Group has a single magazine, *Global*, designed for all its employees worldwide. With a print run of over 100,000 copies, the *Global* magazine is written in French and English and comes in eight local versions: Argentina, Brazil, Colombia, Romania, Russia, Slovenia, Spain and Turkey.

Second pillar of the Group's internal communications: **Declic, the French/English bilingual intranet portal**. This portal can be accessed anywhere in the world by all employees with a computer, i.e. around 50,000 people. The information on the homepage is updated daily to ensure rapid and widespread dissemination of Group news. The aim, whenever possible, is to give employees information either, before or at least simultaneously with its internal or external publication. Since 2009, employees have been able to comment directly on all news releases and articles, allowing them to share their views and ask questions. Videos are increasingly used to provide new site content. Since 2016 it has been possible to share some articles on social media.

Employees can also watch video streaming broadcasts of strategic events (financial results, announcement of partnerships, etc.). Open forums (question and answer sessions) with senior executives are organized two to three times per year.

Employees are also offered a program of events that help to improve their knowledge of the product (exhibitions, the chance to test-drive vehicles, exclusive previews of new models). These events are also a way of teaching employees about health and safety issues, and about getting along together, both in the workplace and beyond.

The Chairman and CEO and the Group Management Committee hold frequent e-conferences to brief managers on current strategic projects. Educational materials are also sent out every month to all managers so they can inform their teams about results, the month's news and upcoming events.

2.5 Handing on knowledge for the future

Ever since the Groupe Renault CSR strategy was formalized in 2009, education has been a top priority within the CSR policy.

The Company 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 of the Company. Renault therefore continues to deepen its commitments in this area. These commitments take several forms, covering societal, environmental and labor-related stakes.

This chapter provides an overview of the social commitments made by the Group in 2016 with respect to educating the younger generation and the very poor.

This concerns:

- relations with schools/universities worldwide;
- financial support for access to education throughout the world;
- training through research to encourage innovation.

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 WWW.FONDATION.RENAULT.COM

In 2016, the Renault Foundation celebrated 15 years of support for higher education. It operates on the principle of equal opportunity and represents an outstanding example of the Company's efforts in the realms of education and CSR. 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 required.

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 2016:

- one professional degree in electric vehicles and Electromobility (LPVEE);
- three master's degrees: Transportation and sustainable development, Mobility and electric vehicles, and Road Safety Management;
- one MBA in International Management.

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 2016, it welcomed 72 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 2016, 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 engineering students through its "Renault German Camilo Calle" program; In 2016, it supported 19 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 in responsible market economies. To do so, the Group carries out numerous actions and initiatives in France and around the world:

- **support from the 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.
- **equipment donations.** In addition to its employees' expertise, Groupe Renault is well aware that knowledge is gained through the practical application of academic knowledge, and has made numerous vehicle and tool donations 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 €20 thousand worth of scrap vehicles or parts.

  In Algeria, factory equipment was offered for educational use to the Médéa Training Institute, and similarly, a Twizy was given to a school that trains future technicians.

  In Colombia, an engine and 15 transmissions were bequeathed to the CEFIT technical school.
- **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 70 apprenticeships in this new field to the students enrolled in the initial five classes of this professional degree program. Many have pursued a second year of apprenticeship within the Company on the Master Pro training program, thanks to the strength of the relationship between the program and the Company, as well as the program's proven value.

- **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 first phase of the project began in October 2016; it will end in June 2017.
- **being challenged by joint school and industry projects.** In the United Kingdom, the subsidiary contributed to the Mosslands School's efforts to help young people conducting an F1-based project.

MOBILIZ AND ICAM

In 2015, Mobiliz and the Institut Catholique d'Arts et Métiers (ICAM) launched a partnership in the area of social entrepreneurship. Each year the fourth year students at the different ICAM sites (Lille, Nantes, Toulouse and Melun Sénart) work on a group project to form a company.

Together with the young entrepreneurs from Ticket for Change (see 2.2.3.1), the Renault Mobiliz team went to meet students to:

- speak to them about the methodology for creating the Ticket for Change project (www.ticketforchange.org/) and offer them support from the Ticket for Change program teams;
- offer them, according to the type of projects, tutoring by one of the 27 Renault ICAM volunteer engineers (from the 177 identified) to support them with their project.

Where a winning project meets the eligibility criteria, it may be put forward for funding from Mobiliz Invest (see 2.2.3.1).

In 2016, about ten ICAM graduate engineers at Groupe Renault chose to tutor three entrepreneurial projects with the theme of mobility.

2.5.2 Support for access to education throughout the world

It is unfortunate that often only the most privileged, or even the elite, have widespread access to education. Renault recognizes the importance of education as a means of value creation for a state, country or company, which is why the patronage actions designed to make education accessible to those who deserve it most and prevent student drop-outs are the cornerstone of the Company's CSR social policy.

2.5.2.1 SCHOOLING AND EQUAL OPPORTUNITY

Equal opportunity 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 in 2016, Renault contributed 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, a real way to help along education's pathway.

The Moroccan subsidiary is also very involved in the prevention of road accidents. With the "Tkayes school" and "Tkayes Village" programs, more than 3,500 children and their families were given educational road safety kits in 2016.

In Romania, to encourage reading among young audiences, numerous donations of books have been made to local communities, through associations such as "Asociatia Curtea veche" or "Asociatia Cate-n luna si-n mansarda".

2.5.2.2 EMPLOYEE INVOLVEMENT

Renault's humanitarian aid in this field consists not only of financial or in-kind assistance provided to charities and local schools, but also takes the form of employee involvement throughout the world.

2

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.

2.5.3.1 SUPPORT FOR ACADEMIC INSTITUTIONS

Renault, through the Renault 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 thirteen academic chairs in subjects of high innovative value:

Theme	Academic partner	Partners	Date
Operational excellence and managerial innovation	ESSEC	Orange, Bristol Myers Squibb (BMS), Sanofi, Humanis	2016
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		2015
Design of use-oriented urban systems (Anthropolis)	Institut de Recherche Technologique SystemX, Centrale Supelec	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	2013
Smart Mobility	Université Pierre et Marie Curie	Atos Origin	2012
Social Business/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

2.5.3.2 SUSTAINABLE MOBILITY INSTITUTE

In March 2009, Renault, the Renault Foundation and ParisTech founded the Sustainable Mobility Institute (*Institut de la Mobilité Durable*, IMD) to identify issues associated with the future of passenger transportation and the design of innovative and environmentally friendly mobility systems (primarily electric). These research efforts focus on electric mobility systems, the associated business models, the global vision of a shift in transportation to electric vehicles and battery technologies.

In 2015, the Sustainable Mobility Institute extended its activity to the Autonomous and Connected Vehicle project covering all four themes (see 2.2.2.1).

2.6 Environment

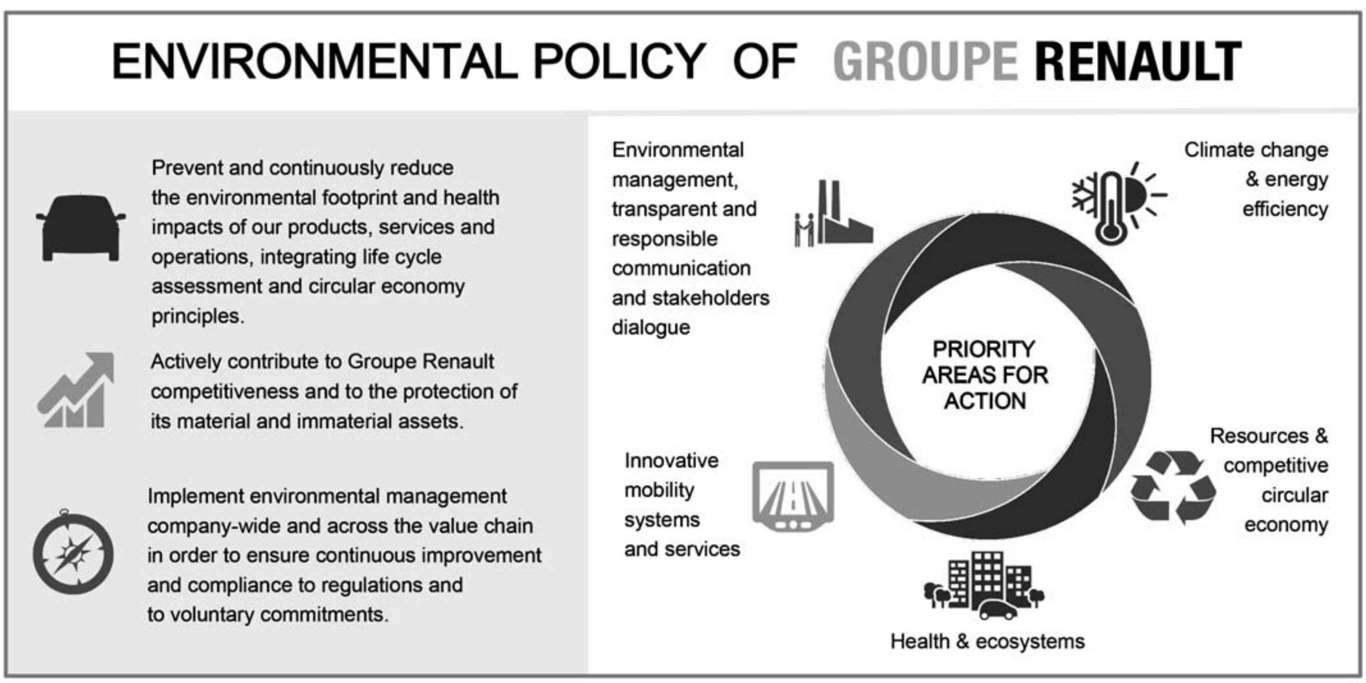
2.6.1 The ecological challenges

The unprecedented growth in human activities since the industrial revolution has been accompanied by an exponential growth in the demand for energy and raw materials, along with the associated environmental impacts. Over the recent past, these effects have intensified due to the extremely rapid growth rate of some emerging economies, particularly China. This has led to the proliferation of environmental and health issues and to tensions over the prices of raw materials.

Despite efforts to reduce fuel consumption and vehicle emissions, 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.

Renault is a socially responsible company and is well-aware of the important ecological stakes that confront the automotive industry. In order to face these challenges, it has integrated them into its strategy and organizational structure. The Group has therefore chosen to become a pioneer in the development of a range of electric vehicles accessible to all, and in the implementation of the principles of a circular economy *via* the recycling of end-of-life vehicles, and the integration of an ever-increasing proportion of recycled materials in new vehicles. It is also committed to reducing the environmental impact of its products throughout their entire life cycle from one generation to the next (see section 2.6.2).

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. The reality is that environmental performance has increasingly significant financial implications, and is therefore acknowledged by the Company as an inherent factor in its competitiveness, as evidenced by the second priority of Groupe Renault's environmental policy approved in 2013 by its Chairman and Chief Executive Officer, Carlos Ghosn.

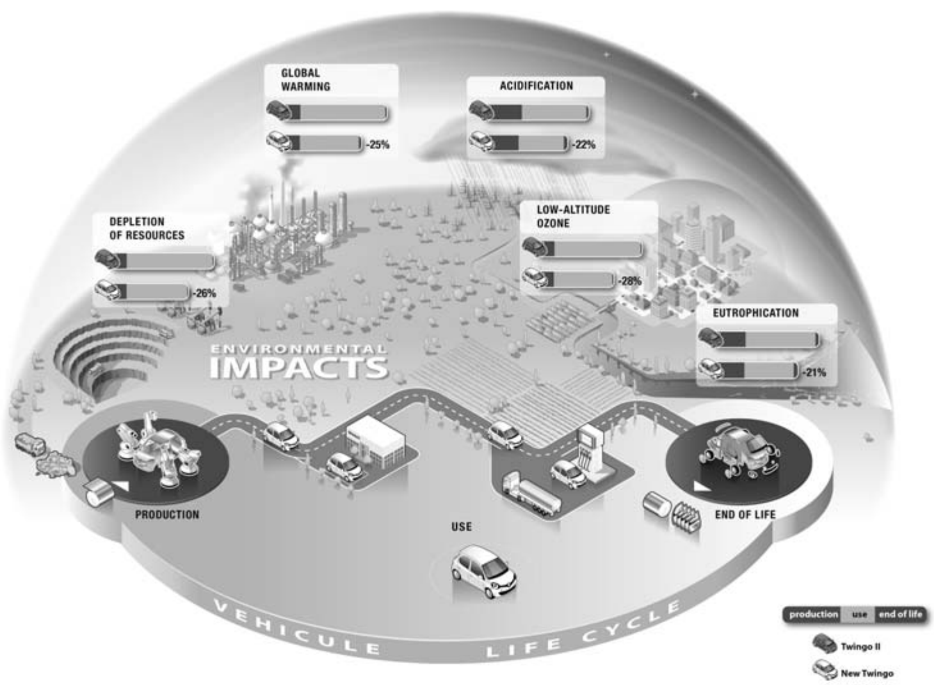


2.6.2 Company-wide environmental management

Environmental objectives 2016		Deadline	Status as of year-end 2016	New environmental objectives
Product	Reduce the impact on the basis of the life-cycle analysis from generation to generation	Ongoing	NEW SCENIC vs. SCENIC III: Reduction of 7% to 17% depending on impact.	Objective maintained
Product	Publish the life-cycle assessments for the electric vehicle range, with critical reviews by outside experts	Ongoing	LCA of ZOE, KANGOO Z.E., FLUENCE Z.E. and TWIZY published	Publish, on the website www.groupe.renault.com, the Life-Cycle Assessment for each new model marketed in Europe, with their critical reviews by an independent expert
Manufacturing	Conduct environmental and risk prevention audits annually at all manufacturing sites and the main Groupe Renault tertiary and logistics sites(1) (internal audits)	Ongoing	100%	Objective maintained
Manufacturing	ISO 14001 certification of all Groupe Renault manufacturing sites(1)	Ongoing	100%	Objective maintained

(1) Sites in the scope of consolidation, excluding AVTOVAZ, in which Groupe Renault acquired a majority stake at the end of December 2016.

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.



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 cycle, to analyze the potential environmental impact and benefits of technological innovations;
- after the design cycle, to confirm and measure the reduction of environmental impacts from one generation of vehicle to another.

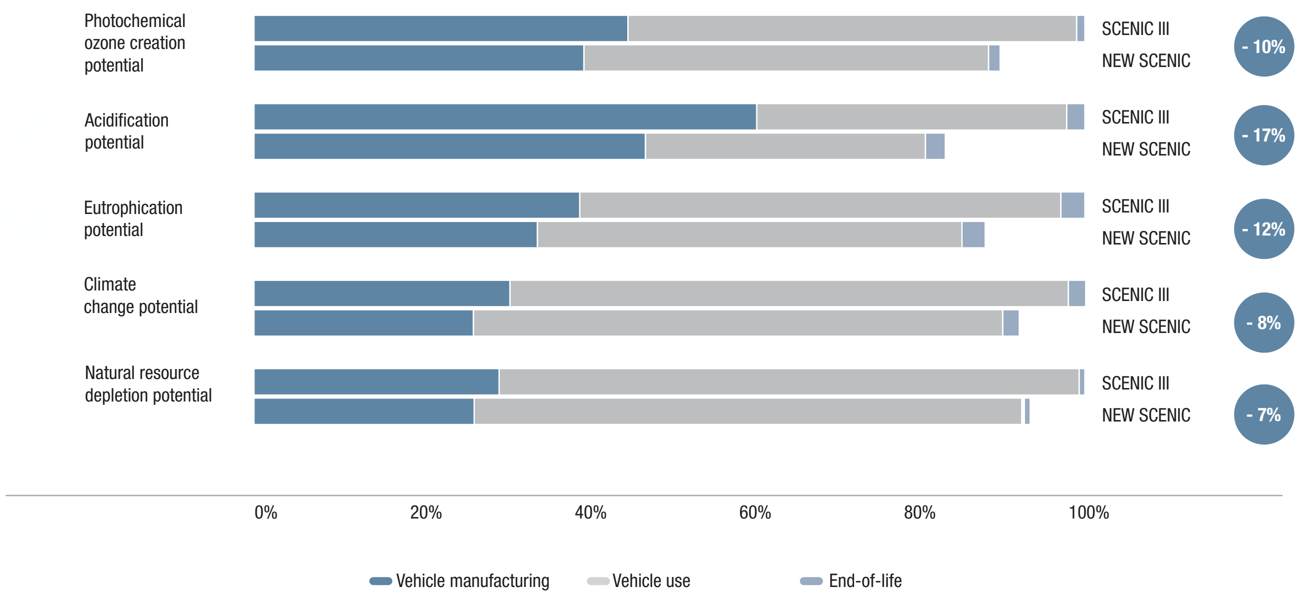
♦ *GRI [G4-EN27]*

At end-2016, 29 models representing 98% of the Group's global passenger car sales and 95% of the Group's total vehicle sales (passenger cars and light utility vehicles sold under the Renault, Dacia and RSM brands) were thus subjected to a complete LCA according to a standardized methodology, which was reviewed by an independent panel. 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 (page commitments/environment) as soon as they are finalized.

For further methodological details, please refer to appendix 2.9.3.1.

The comparative LCA for the new SCENIC compared to the SCENIC III (2009) presented below shows the reduction in the environmental impact between the two generations of this model.

COMPARATIVE LCA FOR THE NEW SCENIC (2016) AND SCENIC III (2009)

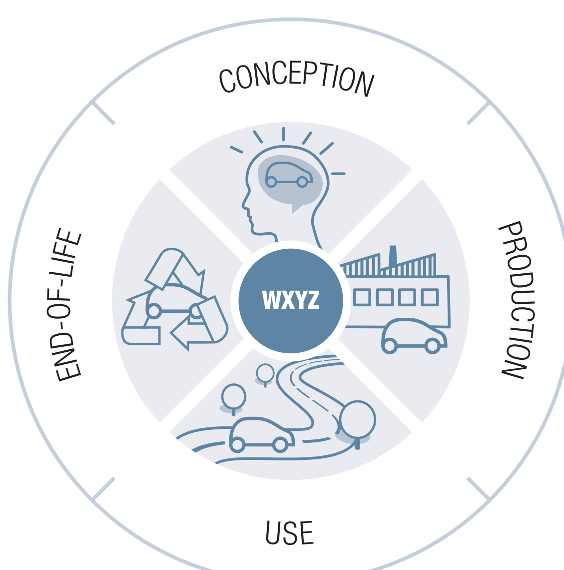


2.6.2.2 ACTION AT ALL STAGES OF THE LIFE CYCLE ♦

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 (EMS, CO_2, Materials, Waste, Water, Air, Soil, Noise or Biodiversity, or financial challenges associated with environmental issues represented with the € symbol) is indicated in the center of each symbol.

Conception:
- Design of the vehicle and its parts
- Materials and suppliers selection

Vehicle end-of-life:
- Collection of end-of-life vehicles (ELV)
- ELV dismantling
- ELV parts and materials sorting and dispatch for reuse, recycling or recovery

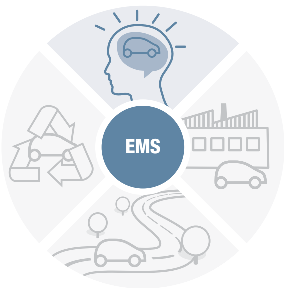


Vehicle production:
- Materials (raw or recycled)
- Supply chain
- Parts and vehicle logistics
- Renault Group Plants

Vehicle use phase:
- Sale and after-sale (maintenance, etc.)
- Spare parts (new, renovated or reused)
- Vehicle use by the customer
- Fuel (or electricity) Production

♦ *GRI [G4-EN7, G4-EN27, G4-EN28]*

ECO-DESIGN



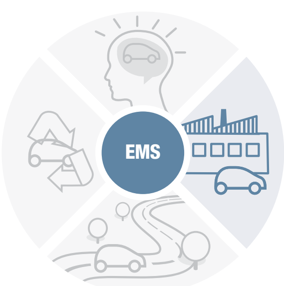
In order to effectively reduce environmental impact throughout the different stages of the life cycle, steps must be taken from the vehicle design stage, *i.e.* two to five years prior to launch. Renault's policy is to integrate this concern not only within the normal development process which structures 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 raw materials and the associated environmental impact;
- the possibility of renovating powertrains or certain parts of them (remanufacturing) 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 onboard eco-driving assistance tools 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 Purchasing department and the Renault-Nissan Purchasing Organization (see 2.3.2).

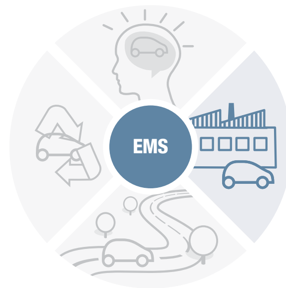
LOGISTICS



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.

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. This integrated organization is based on:

- training for personnel in environmental protection issues and practices and in how to take them into account in daily activities;
- a network of environmental correspondents assigned to the Production departments, where they organize and lead environmental management efforts;
- a team of specialists at each production site in charge of coordinating environmental improvement actions, as well as compliance with regulatory requirements and the Group's environmental standards across the entire site;
- experts at the corporate level who define and implement the technical policies, provide assistance and advice to the plants and projects, and coordinate the sharing of information and experience between sites and the reporting of environmental data at Group level.

The industrial environment network encompasses all Groupe Renault industrial sites as well as the manufacturing functions. It consists of more than 250 members in 13 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 dangerous 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 in the box and map below.

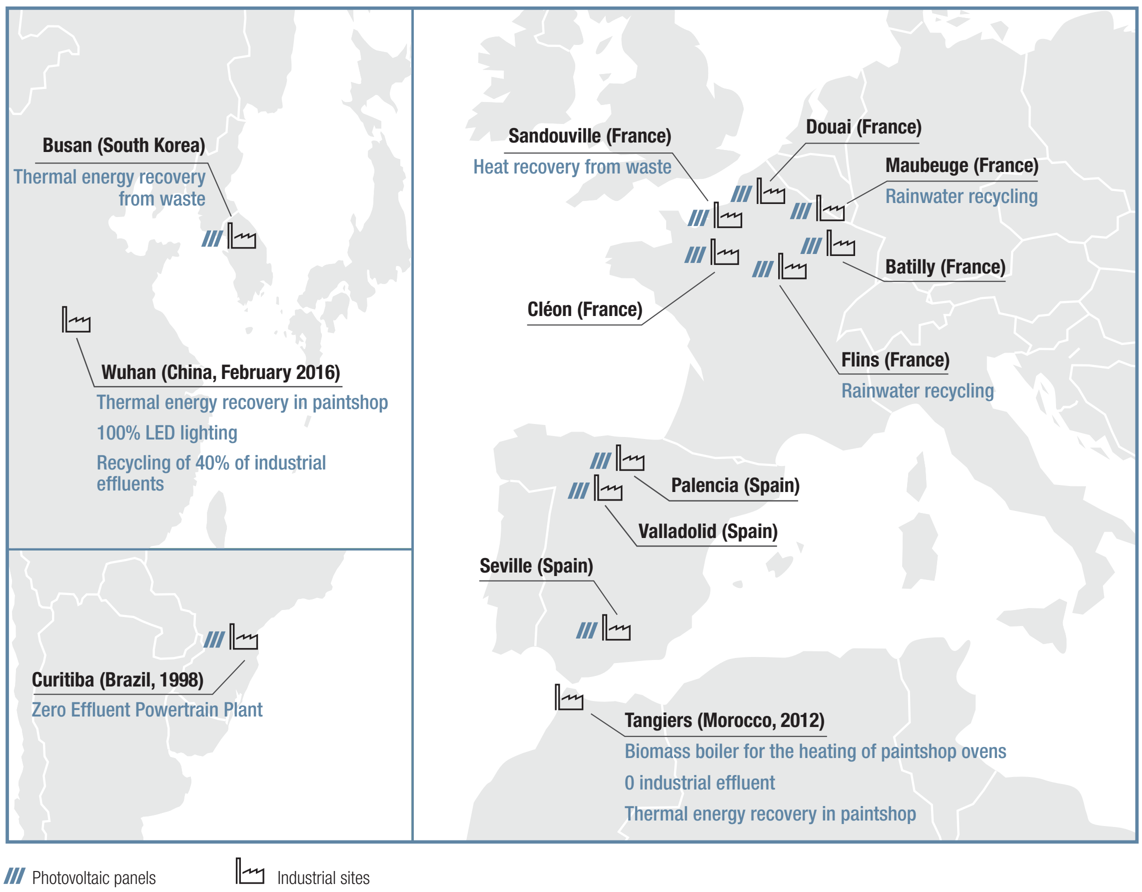
PLANTS ECO-DESIGNED TO RESPECT THEIR ENVIRONMENT

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 tons of CO_2 each year is avoided.

The plant opened in February 2016 by Renault and its partner, Dongfeng, in Wuhan, China, also benefits from the latest energy efficient technologies, such as: 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 wastewater for its own internal use (sanitary facilities, watering, etc.) and uses water-soluble paints.

REMARKABLE TECHNOLOGICAL BREAKTHROUGHS IN THE ENVIRONMENTAL FIELD ON INDUSTRIAL SITES



Anticipating industrial, regulatory and environmental developments

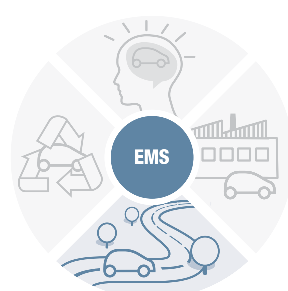
The E&HSE (Energy & Health, Safety, Environment) master plans launched in 2002 describe the situation at each site and how it is likely to evolve over the next ten years, factoring in external constraints such as the ecological sensitivity of the environment and future regulatory requirements. They contribute 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-2016, the network has approximately 64 internal environmental auditors who are specifically trained and qualified in accordance with ISO 14001, and on the internal audit standards created 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 Renault, Dacia and Nissan brands in 13 European countries, established 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 outside France	Principal management and impact reduction measures
Number of sites[1]	49	38	
Reporting coverage rate	100%	100%	All establishments in the RRG network. Two new Spanish sites entered the reporting scope: Barcelona Marques de Sentmanat and Zona Franca. Levante Villarreal (opened April 2015) will enter the scope in 2017 and Cornella (opened February 2016) will enter the scope in 2018.
Waste (tonnes)	9,890	3,804[2]	
• o/w hazardous	2,663	1,355	
• o/w non-hazardous	7,227	2,449[2]	Waste management review in 2016: 4 approved service providers in France. Raising awareness of companions to sorting practices.
Energy consumption (MWh LHV)	111,626	56,516[3]	Energy savings plan with the continued implementation of energy check lists. RRG works with Alertéo for better energy consumption management (4 sites monitored).
Greenhouse gas emissions (t eq. CO_2)	16,177	16,273	Energy consumption management plan
• o/w from combustion	14,277	5,718	
• o/w from electricity consumption	1,786	10,555	
• o/w from gas coolants	114	Unavailable	
VOC emissions (tonnes)	68,828	Unavailable	The reliability of the calculation method has been improved
Water consumption (m^3)	147,455	157,150	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.
(3) The figure includes an over-estimate of gas consumption on UK-based sites due to the average calorific value used.

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.

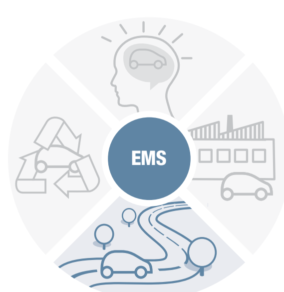
The Sales & Marketing department assists the network by providing a selected panel of national service providers for waste collection and treatment. Renault also finances its sales network's access to Autoeco.com, allowing sites to track the amount of waste they produce. Renault is also a partner of 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 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, there are used exterior parts (hoods, wings, headlamp units, etc.) collected in Indra's network of dismantlers and selected by the Gaïa subsidiary, that are available to customers whose vehicles are not economically repairable using new parts. 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 2.6.3.2).

VEHICLE USE

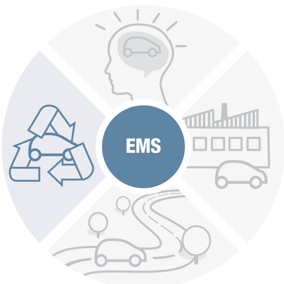


Life-Cycle Assessments show that more than 80% of the greenhouse gases and the majority of atmospheric pollutants emitted over the life cycle of an ICE vehicle concern the vehicle usage phase (see 2.6.2.1). The first solution for reducing these emissions is technological and involves **the reduction 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 automobile 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 or are preparing to enforce similar ones (South Korea, Turkey, Russia).

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 (manufacturers, dismantlers, government agencies) 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).

Altogether, the markets in which Renault helped to collect and process end-of-life vehicles represented more than 60% of the Group’s global sales in 2016.

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 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 (CEG) 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” and “vehicle CO_2”.

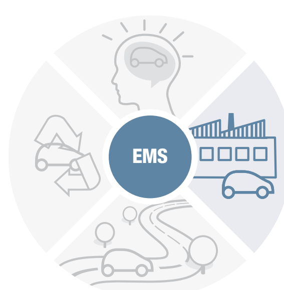
RESOURCES

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

♦ *GRI [G4-EN31]*

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 (*eg* 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 2016, 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 €10.8 million on the Group's yearly energy bill.

In addition, the Group sorted and resold recyclable waste (largely metals), generating profits of €138 million in 2016, despite the negative impact (estimated at nearly 20%) of the fall in raw material prices. 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. One ton of recycled plastic, for example, costs substantially less than one ton of virgin plastic.

Reducing exposure to raw 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 circumstances of intense competition, only partially passed on in the sale price of vehicles. They thus have a direct impact on the Group's operating profit (see 2.6.3.2). Setting up "short loops" for recycling materials within the Group's activity scope (see "Recycling: Developing Industrial Systems, Using Recycled Materials" under 2.6.3.2) is therefore a means of reducing both raw material purchase prices and the Group's exposure to raw material price volatility.

The increased quantity of recycled materials used in vehicles and shorter recycling loops (internally and externally) generated additional savings of some €1.4 million in 2016 compared to the actions already implemented in 2015. The metallic waste generated on the Group's sites is now being processed in a more systematic way for a safer flow of materials from our foundries.

APPEAL OF PRODUCTS AND SERVICES

Although the selling price has a big impact on a product's attractiveness, it is not the only factor in the decision to buy. For example, in Renault's main markets, customer surveys systematically reveal that fuel consumption is one of the ten main reasons for buyers to choose a Renault vehicle. Renault's determination to reduce its vehicles' fuel consumption and CO_2 emissions in use meant that in 2016 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 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 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.

♦ *GRI [G4-EN6]*

NEW ACTIVITIES

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 Sita);
- industrial waste management for plants (Boone Comenor Metalimpex, joint-venture with Sita);
- recovery of parts and materials through recycling networks or selling refurbished parts (Gaïa subsidiary).

En 2016, these three Renault Environnement activities (explained in further detail under 2.6.3.2 Resources and the Circular Economy) generated revenues of €361 million, an increase of 4.3% over 2015. Each of these activities also recorded a net profit for the year in 2016.

2.6.3 Environmental impact: actions and indicators

2.6.3.1 ENERGY AND CLIMATE CHANGE ♦

Environmental objectives 2016		Deadline	Status as of year-end 2016	New environmental objectives
All sectors	**Reduce the carbon footprint[1] of Groupe Renault vehicles sold worldwide by an average of 3% annually between 2010 and 2016**	**2016**	**-18.2% between 2010 and 2016 i.e. -3.3% per year**	New targets for reducing the carbon footprint[1] of Groupe Renault vehicles sold worldwide will be revealed in the second half of 2017 as part of the presentation of the Group's new strategic environmental plan
Product	Market a range of zero-emission-during-use vehicles in markets where there is a demand	2016	European market leader in 100% electric vehicles since 2013	
Product	Worldwide: help to meet the Group's Carbon Footprint objective by reducing CO_2 emissions for PC and LCV ranges[2]	2016	126.9g CO_2/km in 2016, representing -15.3% between 2010 and 2016	
Product	Europe: Reduce the average CO_2 emission level for the PC[2] range to less than 95g CO_2/km by 2021	2021	109.5g CO_2/km in 2016, representing -18.9% between 2010 and 2016	
Product & services	Market combined product-service offers for corporate fleets that will allow monitoring and reduction of the environmental footprint	2016	ECO2 Business range Driving ECO2 training (ICE and EV) Fleet Asset Management	
Manufacturing	Reduce greenhouse gas emissions generated by the production of each vehicle[3] by 10% between 2013 and 2016	2016	-18,8% between 2013 and 2016	Reduce the carbon[3] and energy[5] intensity of Groupe Renault's industrial sites by an average of 3% annually between 2013 and 2022 (i.e. 24% reduction over the period)
Manufacturing	Reach a 20% share of renewable energies (direct and indirect) at manufacturing sites	2020	17.8% in 2016	Objective maintained
Logistics	Achieve a 10% reduction in the CO_2 intensity of worldwide transportation activities between 2010 and 2016[4]	2016	-14.8%	Reduce CO_2 emissions linked to logistics activities[6] per vehicle produced by an average of 1% annually between 2016 and 2022

(1) See definition, scope and calculation method for Groupe Renault's carbon footprint in Note 2.9.3.1. The main methodological changes between the periods 2010-2016 and 2016-2022 relate to the extension of the accounting scope to the Renault Retail Group sales network's greenhouse gas emissions, and the standardization of CO2 emissions for vehicle use according to the new WLTC certification cycle for the period 2016-2022 instead of the NEDC cycle used for the period 2010-2016. The reduction rate of the carbon footprint between 2010 and 2022 is considered at constant scope and calculation method.

(2) Passenger cars and light commercial vehicles, for all Group brands. The CO2 emission values considered by model are those taken for the calculation of the Group Carbon Footprint indicator: for further methodological details, please refer to the description of the scope covered and the data sources in Appendix 2.9.3.1, line "Use of products sold".

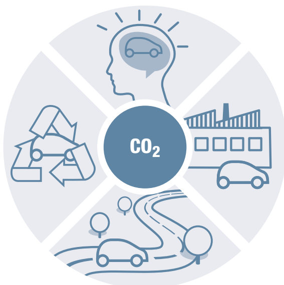
(3) Direct and indirect emissions linked to the energy consumption of Groupe Renault sites (excluding AVTOVAZ, in which Renault acquired a majority stake at the end of December 2016) divided by the total number of vehicles produced (scope and calculation method: see scope 1 and scope 2 categories in the table of Renault carbon footprint categories in Section 2.9.3.1.).

(4) At constant scope and excluding effects of geographic and model mix.

(5) Energy consumption of Groupe Renault's sites (excluding AVTOVAZ, in which Renault acquired a majority stake at the end of December 2016) divided by the total number of vehicles produced, see graph in the "Manufacturing" section below.

(6) Average gross emissions (not corrected for the effects of geographical and model mix) per vehicle produced linked to upstream transportation (parts for the Group's manufacturing sites) and downstream transportation (new vehicles) activities, excluding Avtovaz, in which Renault acquired a majority stake at the end of December 2016

♦ GRI [G4-DMA, G4-EN3, G4-EN5, G4-EN6, G4-EN7, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN30, G4-EN33]



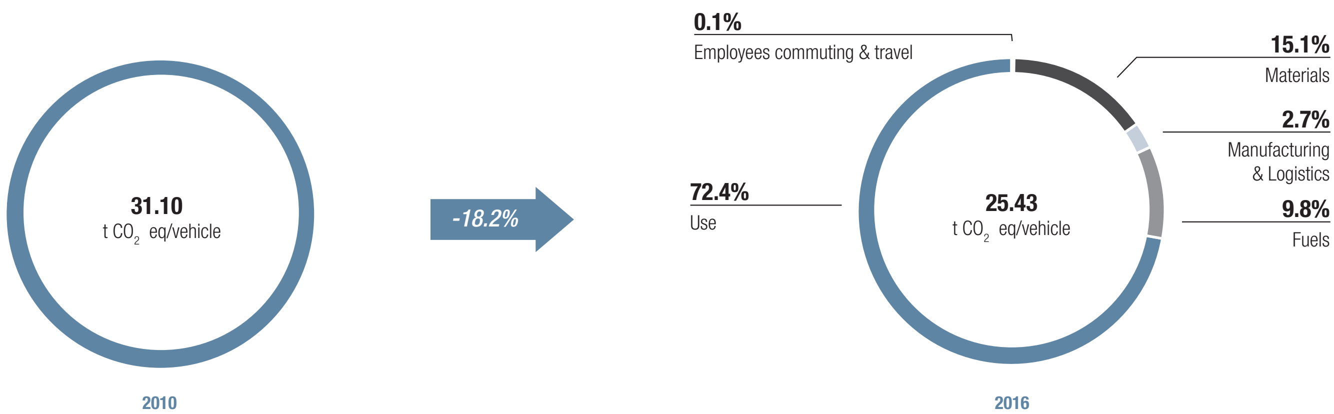
The carbon footprint of a product corresponds to the greenhouse gas emissions it generates over its life cycle, from the extraction of the raw materials needed to manufacture it to its processing at end-of-life. The Carbon Footprint calculation for Groupe Renault vehicles includes direct and indirect 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 GHG Protocol.

Since 2011, as part of its Renault 2016 Drive The Change strategic plan, Renault has 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 Note 2.9.3.1). This objective was achieved at the end of 2015, one year in advance, and then exceeded, with a total reduction of 18.2% at the end of 2016, *i.e.* 3.3% per year on average over the duration of the plan, thanks to efforts to reduce the carbon footprint of vehicles at each stage of their life cycle. See in particular the actions implemented in manufacturing and logistics activities and the phase of vehicle use detailed below, as well as the Group's circular economy strategy presented in Section 2.6.3.2, which also contributes to the reduction of vehicle carbon footprints.

The Group is working with the Science Based Targets Initiative to define a long-term trajectory and medium-term objectives (6 years) to reduce the carbon footprint of its vehicles in line with the efforts and progress to be made by the automotive industry in order to achieve the objective set by the Paris Climate Agreement (see box on the following page). These new commitments will be made public in the second half of 2017 as part of the presentation of Groupe Renault's new strategic environmental plan.

Further details on the method used to calculate Renault's Carbon Footprint can be found in appendix 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 appendix 2.9.3.1.

RENAULT, AN OFFICIAL PARTNER OF COP22 AND A STAKEHOLDER IN COMBATING CLIMATE CHANGE

The 22nd United Nations Climate Change Conference (COP22) took place in Morocco from November 7 to 18, 2016. It enabled confirmation of the commitments made during the COP21 in Paris, which led to the signing of a universal and stringent agreement, and the definition of associated financing, with the aim of containing the rise in the planet's temperature to below 2°C compared to preindustrial levels, and if possible to 1.5°C by 2100.

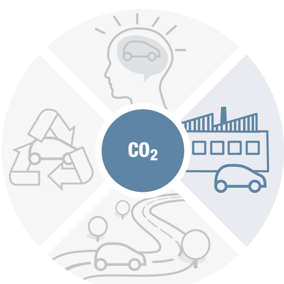
Aware of the essential role that the automotive industry must play in reaching this objective, since 2010, Groupe Renault, together with its partner Nissan, has proposed an immediate, effective and affordable solution to gradually wean the automotive industry off its dependency on fossil energies: electric vehicles, which have a reduced overall carbon footprint on most markets (see the section on electric vehicles below) and can use 100% renewable energy.

The Renault-Nissan Alliance is the world leader in zero emission[(1)] electric mobility, having sold nearly 425,000[(2)] electric vehicles worldwide by end-2016, and is at the forefront of the transition to low-carbon mobility. In order to significantly reduce road transport's contribution to global CO_2 emissions (currently in the region of 15%), the world market for electric vehicles needs to expand considerably, together with the development of electricity production from renewable sources.

To show its support for an ambitious agreement on the climate and to highlight the fact that electric vehicles are an immediately-available and effective solution to the challenges of climate change, the Renault-Nissan Alliance again decided to be an official partner of the COP, making available for COP22 to UN accredited delegates a fleet of 50 electric vehicles from the Renault and Nissan ranges. The Alliance's electric vehicles were therefore used to transport nearly 9,000 accredited delegates between their hotels and the conference venue, comprising a total distance of approximately 22,000km. Moreover, an eco-friendly washing system for vehicles saved 70,000 liters of water over the 10 days of the event.

As part of the preparation of its next strategic plan, the Group is also working on defining ambitious targets *to reduce the* long-term (2050) carbon footprint of its *products and business activities*, in relation with the Science Based Targets joint initiative launched by the CDP, the UN Global Compact, the WRI and the WWF and based on the latest scientific data. These targets will comply with the objective set by the Paris Agreement.

LOGISTICS



In 2016, the implementation of the **Logistics ECO2** program continued for each of the four drivers of progress:

- improving truck and container load factors and packages;
- the development of maritime transport as an alternative to road transport;
- evaluating and improving the carriers' environmental performance through collaborative efforts particularly aimed at measuring their energy performance, and educating and training the drivers of heavy trucks in eco-driving;
- reducing kilometers traveled (localization of suppliers in production countries, optimization of logistical flows).

For example, on the three main flows for export by sea from France, Romania, Turkey and Spain, the improvement in container load factors has reduced the number of containers and prevented nearly 1,400 tons of CO_2 in air emissions in 2016.

Similarly, the optimization of the loading of trucks and packaging in Europe has kept around 13,000 trucks off the road, representing 2% of all transport units, thus preventing the emission of approximately 8,000 tons of CO_2.

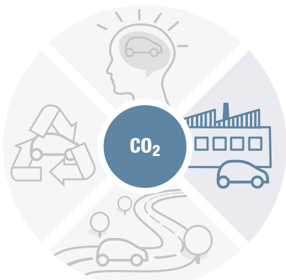
Rules in respect of localization near production sites have been defined for the 130 bulkiest parts. An indicator ensures that compliance with these rules is monitored for each new vehicle project.

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. At the end of 2015, Renault also signed the "FRET21" Charter introduced by the ADEME to commit shippers to reducing the CO_2 emissions from their transportation.

Finally, following the consolidation of the two Renault and Nissan Supply Chain departments within a single entity in 2014, the search for further synergies has intensified and the methods for monitoring the CO_2 emissions associated with logistics are currently being standardized within the Alliance.

(1) Zero emissions of CO_2 and regulated atmospheric pollutants during use.
(2) With Mitsubishi Motors.

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:

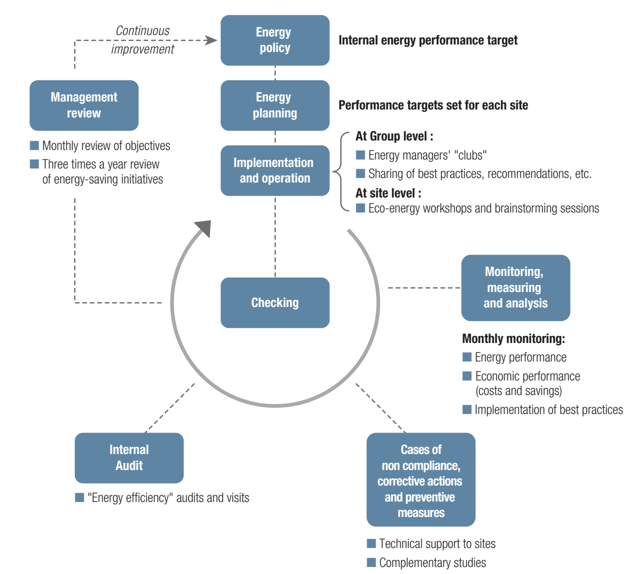
- management of energy consumption outside production periods. A specific system is in place to completely shut down machines and general facilities whenever possible outside production periods;
- convergence toward the best organizational and technical practices identified. Ventilation and operating conditions (temperature and humidity) have been optimized in paint shops, the most energy-hungry areas in vehicle body assembly plants. Equipment downtime and re-start 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 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

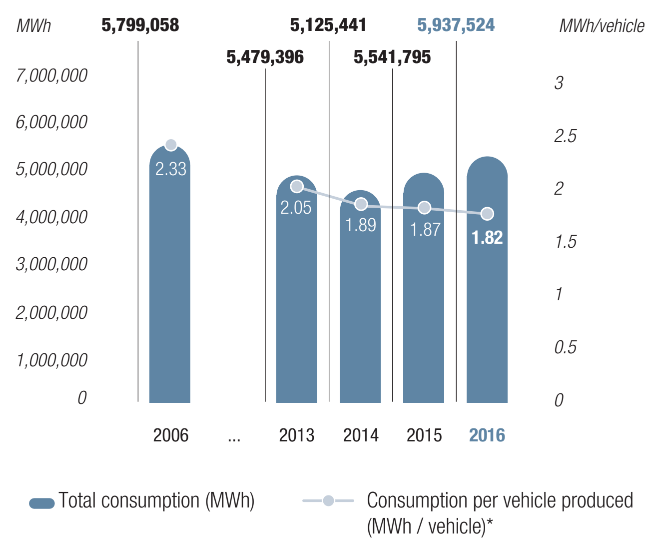
As of year-end 2016, the solar panels installed on Renault sites throughout the world (in France, Spain, Korea and Brazil) cover a total surface area of 136 ha, or the equivalent of nearly 190 soccer fields. The 88 MW of fully renewable electricity that they generate prevent 14,200 tons of CO_2 from being released into the atmosphere each year.

Energy management is also a major economic challenge for Groupe Renault, with a global annual energy bill of almost €300 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 certification procedure in respect of this standard) outlined in the diagram below.

ENERGY MANAGEMENT WITHIN GROUPE RENAULT



ENERGY CONSUMPTION(1)



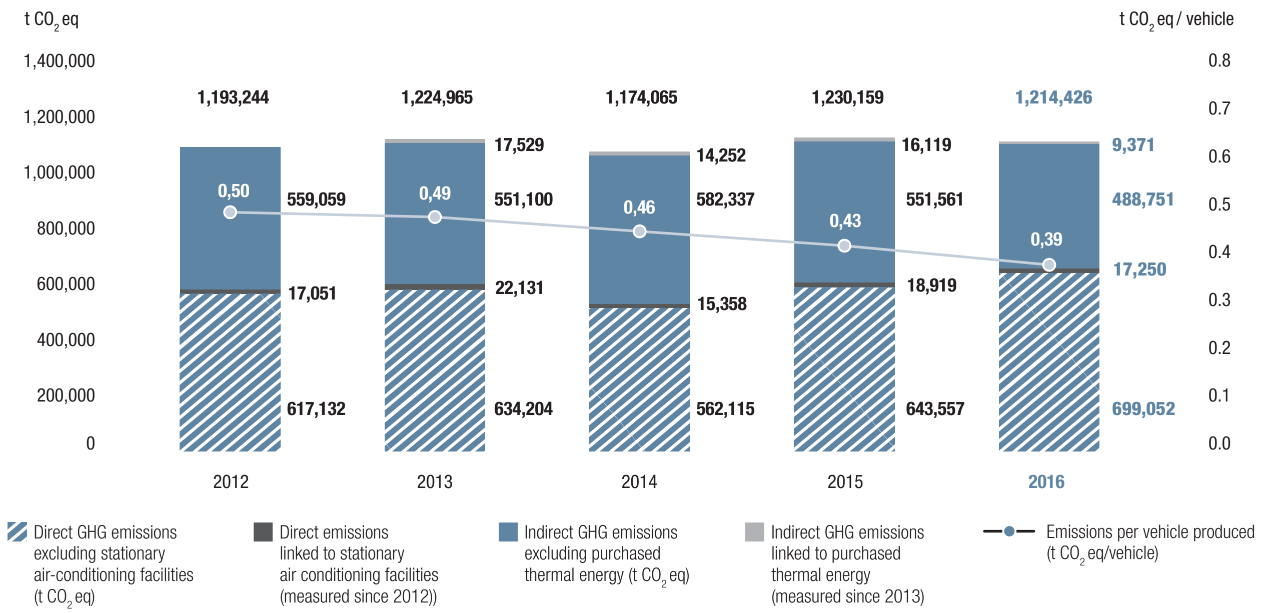
* Given the high number of engines and gear boxes manufactured for partners, for the calculation of the MWh/veh ratio, powertrain plants consumption is adjusted *pro rata* to the total number of vehicles manufactured by the Group. However, no adjustment is applied to overall consumption presented in MWh in the chart.

(1) Scope: the reporting scope (described in Appendix 2.9.3.2) includes all manufacturing plants 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	50%	2,943,959
Natural gas	47%	2,778,139
Purchased thermal energy	3%	154,331
LPG	1%	54,956
Heavy fuel oil and domestic fuel oil	0,1%	6,138
TOTAL	**100%**	**5,937,524**
OF WHICH ENERGY THAT IS RENEWABLE OR PRODUCED FROM RENEWABLE SOURCES	**17.8%**	

GREENHOUSE GAS EMISSIONS[(1)]



DISTRIBUTION OF GREENHOUSE GAS EMISSIONS BY TYPE OF SOURCE

	2015	2016	Measured since
Direct emissions (scope 1)	**49%**	**59%**	
Stationary combustion installations	41%	49%	2003
Filling of air conditioning systems with refrigerants on produced vehicles	3%	4%	2003
Testing of gear boxes, engines and vehicles on endurance test tracks	1%	1%	2003
Company cars	3%	3%	2009
Filling of stationary air conditioning systems and procedures	1%	1%	2012
Indirect emissions (scope 2)	**51%**	**41%**	
Electricity	50%	40%	2009
Thermal energy purchased (steam and hot water)	1%	1%	2013

(1) Scope: the reporting scope for greenhouse gases (described in appendix 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 2.6.2.2.

CLIMATE CHANGE ADAPTATION

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 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_2 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 1.5.1).

Thus, the financial penalty of €95 per gram and per vehicle in case of non-compliance with the European objective of a CAFE[(1)] per manufacturer of 95g CO_2 /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 five years and, for the last four 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_2 emissions from vehicles. Non-compliance with Chinese CAFC[(2)] 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, before 2020, offer a small electric vehicle in the Chinese market at a very attractive price. This will be in addition to a modern and high-performance internal combustion range and a more upmarket electric model, which will be marketed in China from the end of 2017.

Changes to the average CO_2 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_2 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 2016 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 2016, for a total cost of around €500 thousand. The Group plans to maintain the negative impact of CO_2 quotas (Europe and Korea) in the Company's financial statements at a level below €1 million per year until 2019, and between €4 million and €6 million in total over the entire period 2013-2020, while retaining a quota reserve, with the aim of mitigating the expected upward trend in this financial expense over the period 2021-2030.

Finally, concerning the **carbon fuel tax** to be introduced in France in 2016 under the Energy Transition Law (€22 per ton of CO_2 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) have also been analyzed and taken into account in the Group's industrial strategy and product planning.

(1) The CAFE (Corporate Average Fuel Economy) represents the average CO_2 emissions of all passenger cars sold by a carmaker – see Groupe Renault graph presented above.
(2) The CAFC (Corporate Average Fuel Consumption) is the Chinese equivalent of the European or American CAFE.

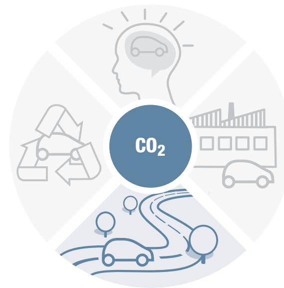
CDP RECOGNIZES RENAULT FOR ITS LOW-CARBON ACTION AND STRATEGY

On October 25, 2016, Groupe Renault was awarded a “Climate Leadership Award” by the international non-profit-making organization CDP (formerly known as the “carbon disclosure project”) for its action and strategy to reduce the carbon footprint of its products and activities.

Groupe Renault has thus joined the “A LIST” of companies considered by CDP as world leaders in the fight against climate change. CDP draws up this list each year on behalf of 827 investors representing about $US100,000 billion in assets, after having analyzed the low-carbon strategy and actions of more than 2,000 companies throughout the world in all business sectors.

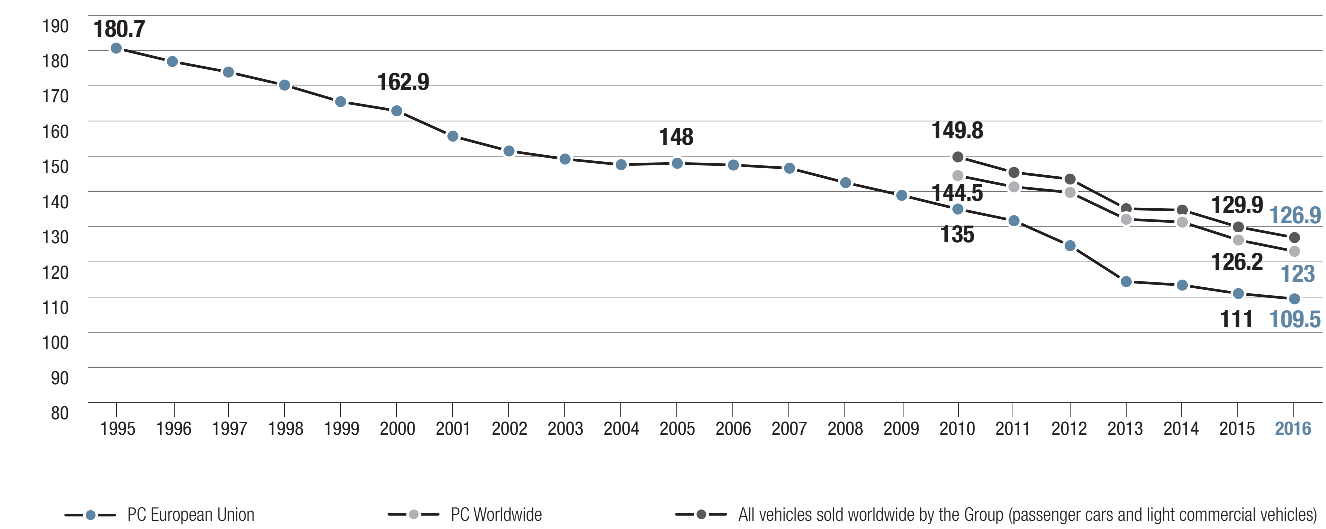
In its report *Emission impossible, which carmakers are driving into trouble*[1] published in March 2016, CDP also placed Renault in the second rank of manufacturers best prepared to cope with climatic challenges, notably giving the ZOE, the flagship model of the Renault Z.E. 100% electric range, the best score in its technical review of “advanced” vehicles (electric, hybrid or using fuel cells) available on the market.

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 more eco-friendly and that are accessible to the greatest number of people. In 2016, according to the data available when this report was published, Renault and Dacia‘s average CO_2 emissions in Europe were estimated at 109.5g CO_2 /km, placing Groupe Renault among the top European carmakers for the fifth consecutive year.

AVERAGE CO_2 EMISSIONS FOR PASSENGER CARS SOLD BY GROUPE RENAULT (G CO_2 /KM) – PC EUROPE, PC WORLDWIDE AND ALL VEHICLES WORLDWIDE – ALL BRANDS



Passenger cars, European Union: Average certified CO_2 emissions on the mixed New European Driving Cycle (NEDC).

1995-2016 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 Italy and Bulgaria.

Passenger cars, worldwide and All vehicles, worldwide: The CO_2 emission values taken into account per model are those used for calculating the Group Carbon Footprint indicator (see table presenting the scope covered and data sources in appendix 2.9.3.1, under “Use of products sold”).

(1) This report analyses 15 of the main carmakers worldwide based on the CO_2 emissions of their ranges of vehicles and their industrial activities, their strategies and the competitiveness of their offers in terms of “advanced” vehicles (electric, rechargeable hybrid or fuel cell), and their position with regard to regulatory changes intended to fight climate change.

1. Internal combustion engine vehicles

In order to continue the reduction in CO_2 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 95g CO_2 /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 an average power output equal to the turbo-compressors and an optimized combustion;
- the reduction of heat loss and mechanical friction;
- different levels of hybridization, from Stop & Start, now available on all the product range, to the affordable Z.E. Hybrid plug-in hybrid technology, which offers "zero emission"[1] mobility for short day-to-day journeys, and is set to supplement Renault's electric product line in the next few years.

2016 was marked by the successful launches of the New MEGANE at the very start of the year and the New SCENIC in the last four months of the year, and by the confirmed success of the KADJAR for its first full year of sale. These vehicles have top CO_2 emission performance and rank amongst the leaders in their respective categories, with the "eco leader" versions respectively emitting 86g of CO_2 /km (New MEGANE), 100g of CO_2/km (New SCENIC) and 99g of CO_2/km (KADJAR). They contributed to the reduction of the Group's average CAFE to 109.5g of CO_2 /km for 2016, a drop of 1.5g of CO_2 /km despite the structural decline in the share of diesel engines (which are more efficient than gasoline engines), which for the first time since 2009, fell below 50% of the sales mix. Given an increase of 21kg in the Group's mass factor, the difference in relation to the regulatory target in force in 2016 increased by 2.5g CO_2 /km to -15.6g of CO_2 /km, compared to -13.4g of CO_2 /km in 2015.

Worldwide, the decline in the average level of CO_2 emissions for the product range exceeded 3g of CO_2 /km in 2016 compared to 2015, at 123g of CO_2 /km for passenger cars and 126.9g of CO_2 /km for all passenger cars and light commercial vehicles sold under the Group's three brands[2], through the continued renewal of the product range and the increase in sales of electric vehicles.

2. Electric vehicles

Electric vehicles are a major component of Renault's strategy. The Company is targeting a large-scale roll-out of this type of vehicle, which provides a real solution to atmospheric pollution in urban areas given their absence of pollutant emissions during use[1] (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_2 emissions mobility during use, but also from "well to wheel", meaning that CO_2 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_2 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 considerable 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).

(1) Neither CO_2 nor any other pollutant emissions during use, excluding consumable parts.
(2) The CO_2 emission values considered for vehicles sold outside Europe are those used to calculate the Group Carbon Footprint indicator: see table presenting the scope covered and data sources in Appendix 2.9.3.1, under "Use of products sold".

In 2016, the Group recorded a new increase of 8.8% in its worldwide sales of electric vehicles, to 29,132 units.

In Europe, the second-largest market worldwide in 2016 for "all electric" vehicles (after China), Renault is consolidating its leadership with registrations up by 11% to 25,648 vehicles (excluding the TWIZY), representing one electric vehicle out of every four sold on the continent[1]. ZOE was the electric vehicle with the highest sales in 2016 in the European passenger car market for the second consecutive year, with 21,735 registrations over the year (+16%). It is winning market share in most European markets and is the best-selling electric vehicle in France, Germany, Austria 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 1.4% of total Groupe Renault sales in Europe in 2016 (well above the average market share for this vehicle type on the European market, which was 0.60% in 2016) enabling electric vehicles to provide a 1.5g CO_2 /km reduction in the CAFE[2] for Groupe Renault in Europe. The new Z.E.40 (41 kWh) and Z.E.33 (33 kWh) batteries, available on ZOE since the end of 2016 and KANGOO from mid-2017, ensuring a record driving range of 400km[3] for ZOE and 270km for KANGOO[3], and the introduction of the New MASTER Z.E. electric VAN from the end of 2017 should enable Renault to consolidate its leadership in the European electric vehicle market and contribute to achieving the objectives of reducing the CAFE and the overall carbon footprint of the Group.

The potential of electric vehicles in terms of sales volume and contribution to the reduction in global greenhouse gas emissions is obviously not limited to Europe. According to the International Energy Agency[4] global electricity production from renewable energies should reach 26% of total production by 2020 (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 has 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 two 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).

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. 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 (fourth TWIZY market in 2016), Mexico, and Turkey.

3. Eco-driving

Fuel consumption actually observed by the average driver can diverge significantly 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 aims to close this gap, so that the actual consumption noted by its customers is as close as possible to the certified values. In addition to the technological solutions described above, changes in driver behavior through eco-driving represent an additional avenue for progress and can bring about a decrease in energy consumption (gasoline, diesel or electricity) of up to 25%, depending on the driving style.

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.

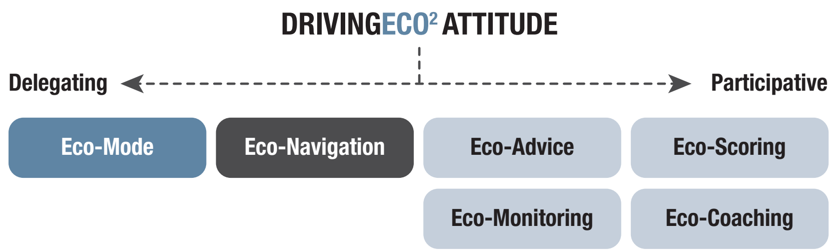
Surveys, conducted both internally and externally to better understand customers' expectations of embedded eco-driving aids, led to the identification of four driver profiles (see graph below):

- "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.

(1) 25% market share excluding TWIZY.
(2) The CAFE (Corporate Average Fuel Economy) represents the average CO_2 emissions of all passenger cars sold by a carmaker – see Groupe Renault graph presented above.
(3) In the standardized NEDC certification cycle.
(4) IEA Medium-Term Renewable Energy Market Report 2014.

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, as illustrated in the diagram 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 on all new Renault and Dacia brand models in Europe, 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.

The deployment of this first generation of embedded eco-driving aids is now complete and has fully achieved its goal, which was to raise driver awareness of how their driving affects their vehicle's consumption and emissions, and to initiate a form of collaboration or even dialogue between drivers and their vehicles in terms of eco-driving. For several years, 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.

Introduction of embedded eco-driving aids

	Main models equipped at end-2016
Eco-mode	Renault range: TWINGO, CLIO, ZOE, CAPTUR, New MEGANE, New SCENIC, KADJAR, TALISMAN, New ESPACE, 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, New MEGANE, New SCENIC, KADJAR, TALISMAN, New ESPACE, New KOLEOS, KANGOO (Z.E. and combustion), TRAFIC, MASTER Dacia range: SANDERO, LOGAN, DUSTER, LODGY and Dokker Renault Samsung Motors range: SM3, QM3, SM5, SM6, QM6, SM7
Driving style indicator	Renault range: CLIO, CAPTUR, ZOE, New MEGANE, New SCENIC, KADJAR, TALISMAN, New ESPACE, 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 2016		Deadline	Status as of year-end 2016	New environmental objectives 2016
Product	Reach a proportion of 33% recycled materials in the total mass of new vehicles produced in Europe	2016	36% (see Appendix 2.9.3.1)	Increase by 25% between 2016 and 2020 the technical and economic value of parts and materials preserved in the automotive sector[3] via the Group's circular economy activities and its Renault Environnement subsidiary, particularly through: 1. the development of second life uses for electric vehicle batteries, 2. increased use of recycled materials from end-of-life vehicles and production scraps in the production of new vehicles, 3. increased use of refurbished parts and renovated powertrain parts in vehicle repairs.
Product	Integrate more recycled plastic (by mass) in each new model than on the model[1] it replaces	Ongoing	Change in amount of recycled plastics from one generation to the next (by mass): NEW SCENIC : +4.9 kg/veh NEW KOLEOS: +0.7 kg/veh	
End-of-life	Contribute actively to the performance of the end-of-life vehicle recycling industry and achieve an effective 95% recycling rate of end-of-life vehicle materials, in particular through capital investments	Ongoing	Monitored by national authorities	The detailed objectives associated with each of these focuses will be the subject of a specific communication during 2017
Product	Increase the Group's overall consumption of recycled plastic by 20% between 2013 and 2016[2]	2016	+30.6% between 2013 and 2016	Increase the Group's overall consumption of recycled plastic (in tonnes) by 30% between 2016 and 2022
Manufacturing	Reduce reliance on landfill disposal: six manufacturing plants will no longer be disposing of waste in landfill in 2016	2016	7 plants	Reduce by 25 % the quantity of non-recycled waste[4] per vehicle produced on the Group's manufacturing sites[5] between 2013 and 2020, through: 1. A 30% reduction in the quantity of mixed non-hazardous waste per vehicle produced; 2. A 15% reduction in the quantity of hazardous waste per vehicle produced; 3. 50% of "zero landfill"[6] manufacturing sites in 2020.
Manufacturing	Reduce by 20% the quantity of hazardous waste generated per vehicle produced at the manufacturing sites between 2012 and 2016	2016	-9.7% (compared to 2012)	
Manufacturing	Reduce by 20% the quantity of mixed non-hazardous waste generated by the manufacturing sites between 2012 and 2016	2016	-18% (compared to 2012)	

(1) A model is understood to be a vehicle type produced in a given plant.
(2) In tons, on the basis of the projected 2016 production volumes as at March 1, 2015.
(3) A methodological note presenting the scope and calculation method for this new indicator will be published in the 2017 Registration document (the first year in which the indicator will be monitored).
(4) Waste for which the European treatment code is D or R1 (energy recovery), excluding waste from foundries and worksites.
(5) Excluding AVTOVAZ in which the Renault Group acquired a controlling stake at the end of December 2016.
(6) Sites for which less than 1% of waste (excluding waste from foundries and worksites) is sent to landfill, either directly (according to the definition of European codes D1, D5, D12) or after stabilization treatment (sludge treated in accordance with the definition of European code D9).

Metals and plastics make up more than 85% of the materials in automobiles. In 2016, nearly 3.3 million tons of steel, 390,000 tons of cast iron, and 360,000 tons of aluminum were needed to manufacture the vehicles sold by Groupe Renault 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 590,000 tons of plastic materials, including offcuts, in vehicle manufacturing in 2016.

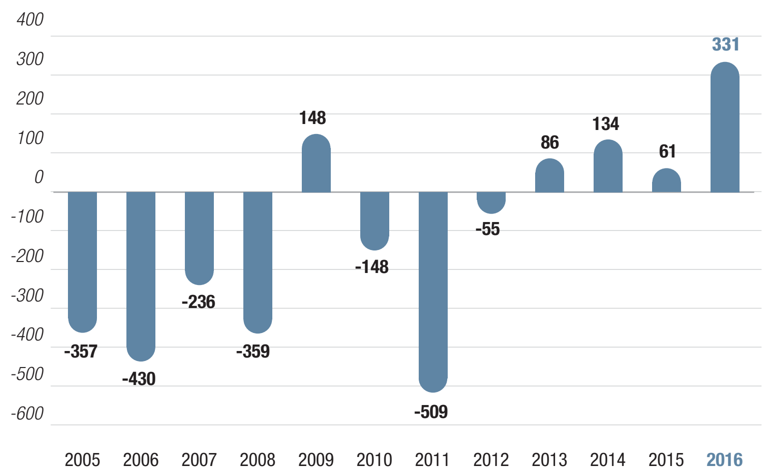
Among the materials used in the plants in the Europe and North Africa Regions (approximately two-thirds of the quantities above), it is estimated that the portion of recycled steel materials falls between 15% for flat steel and up to 100% for steel bars and cast iron. The recycled material rate for aluminum varies considerably according to the processes used to manufacture the parts: it is close to 100% for aluminum foundries and has been brought to nearly 40% for hot-pressed aluminum parts manufactured internally (against about 20% in 2015), but remains close to 0% for aluminum wheels. Renault is currently working to increase the recycled rate for this last category. Recycled plastic is estimated to have averaged 19kg per vehicle in 2016.

Reducing the consumption of raw 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.

♦ *GRI [G4-DMA, G4-EN1, G4-EN2, G4-EN23, G4-EN28]*

ANNUAL IMPACT OF FLUCTUATIONS IN MATERIAL PRICES ON THE GROUP'S OPERATING PROFIT

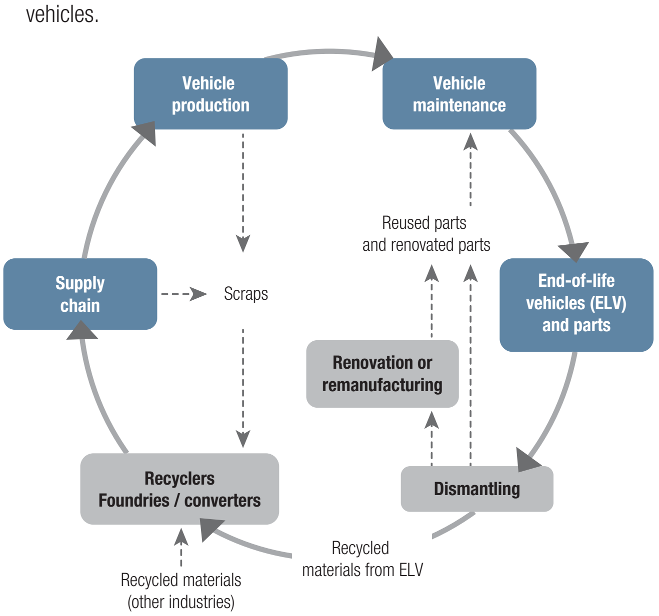
(in € million)



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.



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.

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 – Securing resources" in section 1.5.1.3).

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. In 2016, the plant at Curitiba in Brazil reduced its production of paint sludge and sludge from effluent treatment stations by 44%[1] compared to 2015, thanks to new water extraction techniques. 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. In 2016, the installation of an evaporation-concentrator at the Chilean plant at Cormecanica reduced the tonnage of hazardous waste by 30%;
- **reuse** spent products, production offcuts and scrap: in the 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 (89% 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 and Sandouville (France) 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. Gaïa, 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 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. In this way, the dust extracted from the air at the Le Mans plant (nearly 2,000 tons in 2016), previously disposed of in landfill until 2013, is now reused as a reagent in the hazardous waste stabilization process, instead of using raw material. Ashes from the biomass boilers at the Tangiers plant in Morocco (nearly 600 tons in 2016) are used in bio fertilizers certified for use in organic farming;
- **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 it 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 rubble) by 50% since 2008. 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 2016, seven 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.

(1) Quantity of paint sludge generated, by volume of effluent treated.

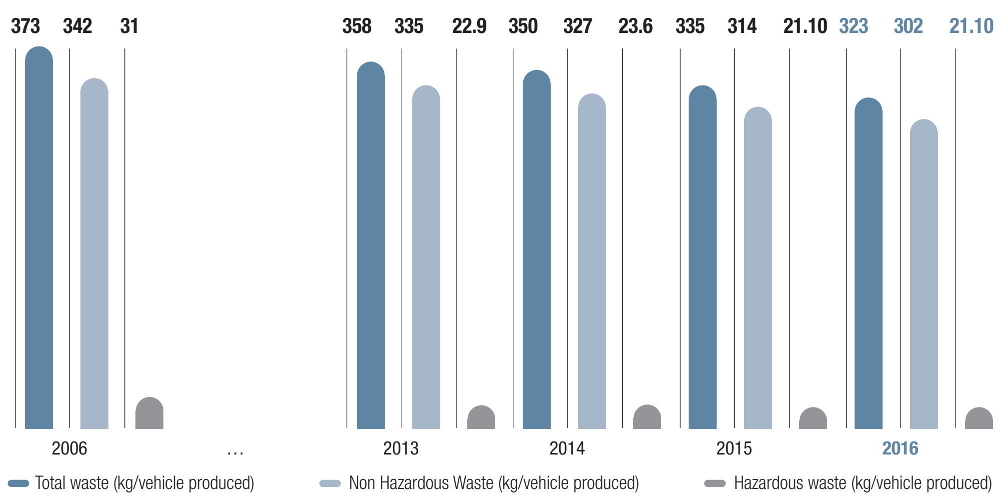
WASTE PER CATEGORY AND PROCESSING MODE (TONS/YEAR)[1]

		Total	Recycled	Energy recovery	Incinerated without energy recovery	Other elimination channels
	2016	66,152	20,751	22,433	6,750	16,219
	2015	59,924	19,649	22,910	5,117	12,248
Hazardous industrial waste	2014	60,785	15,066	26,577	3,856	15,286
	2016	182,827	143,969	12,681	251	26,648
	2015	175,240	140,764	9,886	288	24,302
Non-hazardous industrial waste[2]	2014	169,621	124,658	7,961	1,166	35,837
	2016	761,413	757,300			3,393
	2015	717,114	712,802			4,312
Metallic waste	2014	669,978	666,454			3,524
	2016	**1,010,392**	**922,020**	**35,114**	**7,001**	**46,261**
	2015	**952,278**	**873,215**	**32,796**	**5,405**	**40,862**
TOTAL	**2014**	**900,384**	**806,177**	**34,538**	**5,022**	**54,647**

(1) Scope: all manufacturing plants and the main tertiary, logistics and engineering sites of Groupe Renault, excluding establishments in the RRG commercial network (scope of reporting described in appendix 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)[1]



(1) Scope: all manufacturing plants and the main tertiary, logistics and engineering sites of Groupe Renault, excluding establishments in the RRG commercial network (the scope of reporting described in Appendix 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 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 Sita/Suez Environnement 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 (216 people were trained in 2016);
- management-distribution of end-of-life vehicles for carmakers, insurers, governments, and even individuals through its 330 authorized ELV centers;
- dismantling/recycling in its own dismantling centers;
- marketing refurbished parts with warranty: Through its network, Indra distributes certified, reusable parts dismantled at its sites.

In 2016, approximately 350,000 end-of-life vehicles were processed by Indra's network of authorized dismantlers or by its own dismantling sites, around 10,000 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 obligations 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 vehicle dismantling network;
- to supply short recycling loops (see "Recycling" section below) in order to reduce dependence on and consumption of 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 and headlamp units) 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 was multiplied by 3.4 between 2015 and 2016 to €1.3 million. A significant increase is again expected in 2017, 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 from January 2017.

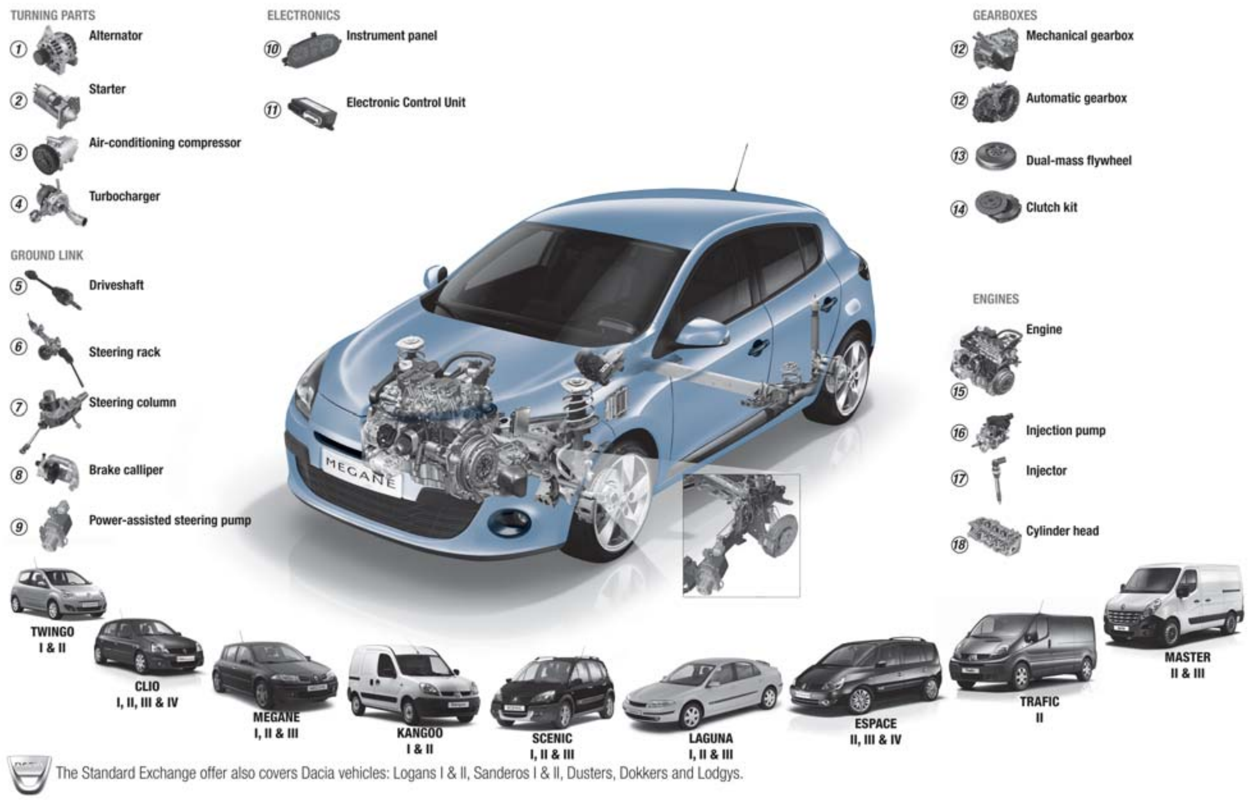
RE-MANUFACTURING

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 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-2016, 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 renovated 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;
- polypropylene recycling (plastic): Gaïa collects bumpers from dismantlers and garages and ensures that they are processed to meet the Renault-Nissan Alliance's technical specifications. Two grades of polypropylene provided by this recycling network have been listed with the Renault Materials Panel, and are currently awaiting approval for vehicle projects. New recycled polypropylene grades are also being developed for other uses;
- recycling of metal 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.

The use of recycled plastics is increasing from generation to generation, due to greater availability and the constant search for new applications. Each New ESPACE therefore contains more than 50kg of recycled plastics, including one-third from post-consumer recycling[1].

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.

RECYCLED PLASTIC PARTS ON NEW ESPACE

(1) Post-consumer recycled material: material from recycling end-of-life consumer goods, in contrast to post-industrial recycled materials coming from manufacturing waste.

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 – for more information, visit http://icarre95-programmelife.com), 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 which 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 is being sought for its application to structural parts on the New ESPACE (“functional front end”).

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 “àfiler” 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.

2.6.3.3 WATER CONSUMPTION AND QUALITY ♦

Environmental objectives 2016		Deadline	Status as of year-end 2016	New environmental objectives
Manufacturing	Reduce water consumption (all sources included) by 45% per vehicle compared to 2005	2016	-42%(1) (compared to 2005)	Reduce by 20% between 2013 and 2020 the external supply of water in the Group's plants) per vehicle produced(2)
Manufacturing	Reduce by 60% the quantity of heavy metal waste per vehicle (METOX) in liquid effluents compared to 2005	2016	-60%(1) (compared to 2005)	Reduce by 30% between 2016 and 2020 the quantity of toxic metals (METOX) in the liquid effluents of the Group's plants(3) per vehicle produced

(1) Excluding changes in scope that occurred between 2005 and 2016 due to disposals and acquisitions.

(2) Scope: all manufacturing plants and the main Groupe Renault tertiary, logistics and engineering sites (reporting scope detailed in Appendix 2.9.3.2), excluding the RRG commercial network and excluding Avtovaz, in which Groupe Renault acquired a majority stake in late December 2016.

(3) Excluding AVTOVAZ, see definition and calculation method in the comments on methodology for liquid discharges in Appendix 2.9.3.2.

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 water resources 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.

RECYCLING OF INDUSTRIAL EFFLUENTS

Among measures used to meet its objectives of reducing water consumption 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. Six out of Groupe Renault's thirteen powertrain plants implemented evaporation treatment on all or part of their industrial effluents in 2016.

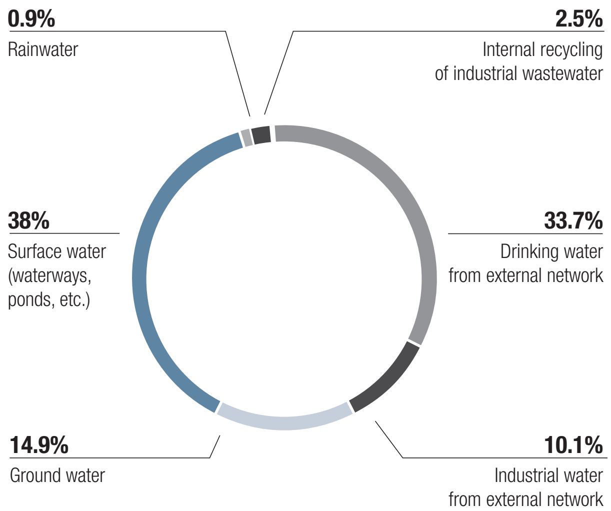
In the **body assembly plants**, the recycling technology is more complex because the water used in the manufacturing process (surface treatment and e-coating) must be of very high-quality. The treated waste must be subjected to a reverse osmosis process (a purification process using a membrane), and 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, which resulted in savings of more than 260,000 m^3 of potable water in 2016, as a result of additional investments in 2015 designed to significantly increase the volume of industrial effluents recycled and keep pace with the increase in the site's production rate.

At Group level, the external water abstraction rate per vehicle produced reduced slightly from 4.2 to 4.0 m^3 per vehicle (-3%), due notably to the performance achieved on the Tangiers site in terms of water consumption and the volume of industrial wastewater recycled, making it the factory with the lowest external water abstraction ratio (at 1.2 m^3 per vehicle produced) in accordance with the target assigned at its conception. The performance achieved at Group level in 2016 enabled us to achieve a reduction of 42% in the external water abstraction rate per vehicle produced between 2005 and 2016 (from 6.6 to 3.8 m^3 per vehicle), close to the 45% reduction target defined in 2012, with the difference being mainly due to higher cooling water consumption than planned on certain powertrain sites.

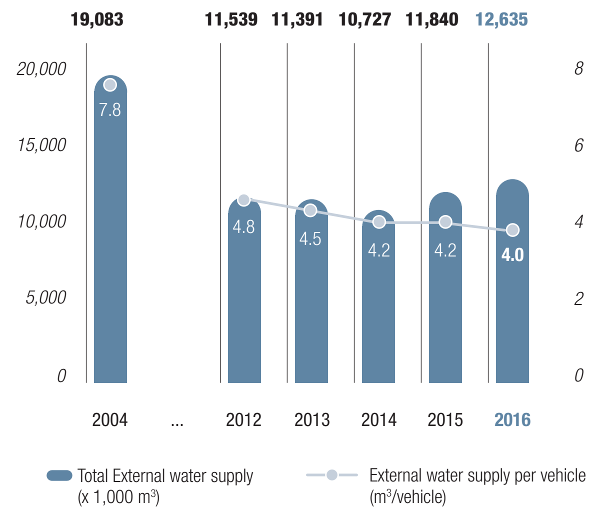
♦ *GRI [G4-DMA, G4-EN8, G4-EN9, G4-EN10]*

BREAKDOWN OF SUPPLIES OF WATER BY SOURCE



Scope: All manufacturing plants & the main tertiary, engineering and logistics sites of Groupe Renault, 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 2016		Deadline	Status as of year-end 2016	New environmental objectives
Manufacturing	Reduce VOC emissions through ongoing progress and the gradual replacement of obsolete installations	2016	-16% (in g/sq.m) compared to 2012	Reduce by 25% between 2013 and 2020 the average VOC emissions* per sq.m of painted body

* *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.*

MANUFACTURING

Volatile organic compounds (VOC)

In 2016, volatile organic compound emissions per sq.m. of painted assembled bodywork fell by an average of 1% (compared to 2015) for the Group as a whole, to 36.2 g/sq.m.

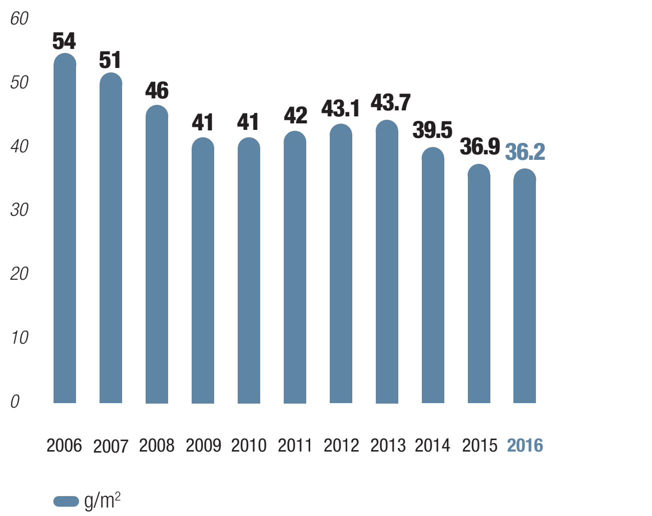
The main actions to reduce VOC emissions during 2016 in the Group's plants included:

- replacing painting machines by robots (for a far more accurate optimization of the product quantities used) to apply body paint and/or varnish in the Bursa (Turkey, second phase of the automation project initiated in 2015), Palencia (Spain) and Batilly (France) plants;
- setting up new robots to apply a sealant layer or protective underbody layer in the Douai (France), Pitesti (Romania) and Batilly (France) plants;
- rolling out very low solvent sealants in the Flins (France), Douai (France) and Palencia (Spain) sites for vehicle interior applications;
- improving the recovery rate of used solvent 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-2016, 80% 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 are linked to a volatile organic compound thermal oxidizer.

♦ *GRI [G4-DMA, G4-EN21]*

EMISSIONS OF VOC

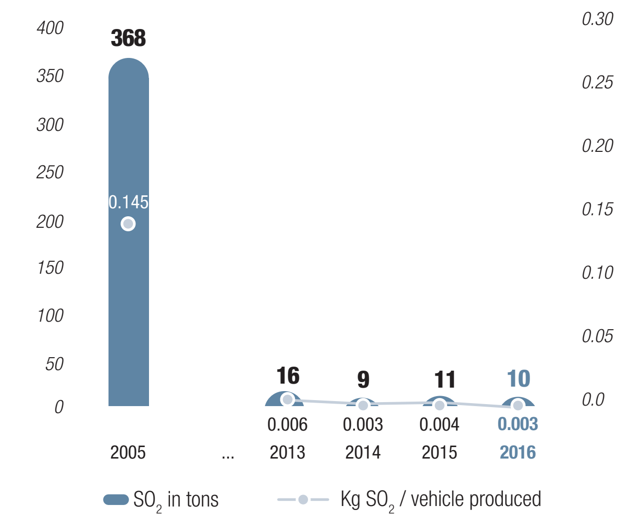


Scope: All body assembly and mixed plants of Groupe Renault (scope of reporting described in appendix 2.9.3.2). The emissions counted are those of the vehicle body paint workshops (excluding paint for parts such as bumpers made of plastic materials and accessories).

Combustion-related emissions of SO_2 and NOx

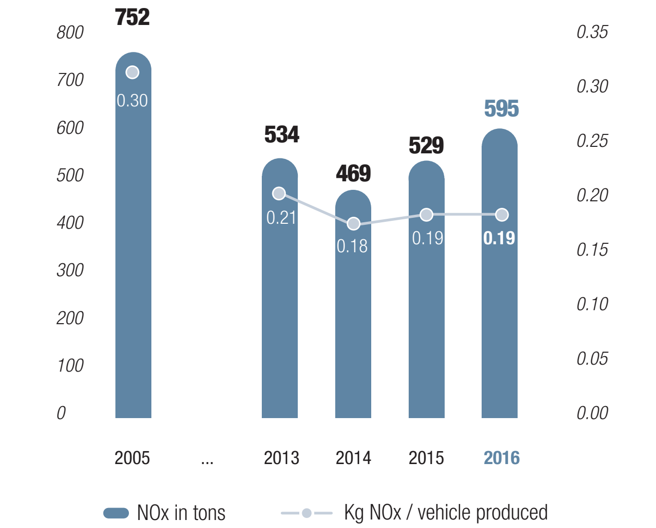
Over the past few years Renault has been conducting a large-scale program to replace fuel oil by natural gas at its production plants. The aim is to cut emissions of sulfur dioxide (SO_2), nitrogen oxides (NOx) and carbon dioxide (CO_2). Since fuel oil is now almost no longer used at the Group's facilities, the main focus is now on the modernization of gas boilers and the installation of low NOx emissions burners.

EMISSIONS OF SO_2



Scope: All manufacturing plants & the main tertiary, engineering and logistics sites of Groupe Renault excluding the RRG Commercial Network (reporting scope described in appendix 2.9.3.2).

EMISSIONS OF NOX



Scope: All manufacturing plants & the main tertiary, engineering and logistics sites of Groupe Renault excluding the RRG Commercial Network (reporting scope described in appendix 2.9.3.2).

VEHICLE USE

Reduction of pollutant emissions in internal combustion vehicles

All vehicles sold by Groupe Renault worldwide have received appropriate approval from the relevant authorities and comply with all regulations in force.

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 NOx 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 NOx trap or SCR (Selective Catalytic Reduction). The NOx 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. The Groupe Renault is already implementing an ambitious investment program of €1.2 billion spread over four years, aiming to comply with these future standards, applicable in September 2017 (New Types) and September 2019 (All Types). These standards will introduce measurements under real driving conditions (RDE, Real Driving Emissions protocol). At the same time, the European Commission is also introducing a new WLTC test cycle, applicable from September 2017 (New Types) and September 2018 (All Types), that takes better account of real driving uses and the diversity of vehicle equipment than the current 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 remediation 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, of emissions of pollutants such as nitrogen oxides and particles, as well as setting up a new standardized WLTC cycle.

In order to anticipate these regulatory developments as far as possible, Renault has gradually implemented, from August 2016 on all Diesel vehicles in the European range, improvements intended to further limit emissions during use by customers:

1. **Extending the operating range for EGR 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 NOx 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 have purchased a Euro 6b vehicle - which are compliant with the current standards - before this improvement measure, can benefit from it via a simple engine calibration adjustment carried out free of charge by the after-sales network.

SCR technology, currently used by Renault on the light commercial vehicles Trafic and Master, will also be rolled out before September 2019 on the European range of Diesel passenger cars to comply with the future Euro 6d 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.

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 (CO_2, nitrogen oxides and other regulated pollutants) under real driving conditions using an internal procedure and a route in accordance with the future "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 with feedback gained from customer satisfaction surveys;
- Presentation of these analyses to the Quality Director during meetings of the Customer Satisfaction Committees and inclusion in the PDCA[(1)] cycles of continuous improvement of consumption and emissions of our vehicles 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.

(1) PDCA (Plan, Do, Check, Act): Method of continuous improvement, also called the Deming wheel.

EMISSION STANDARDS APPLICABLE TO PASSENGER CARS IN THE EUROPEAN UNION

	Euro 1	Euro 2	Euro 3	Euro 4	Euro 5	Euro 6b	Euro 6d$_{Temp}$	Euro 6d	% reduction compared to the 1st limit value
Standard and year of applicability (all types)	1993	1997	2001	2006	2011	2015	2019	2021	
Diesel									
Nitrogen oxides (NOx): limit value / Compliance factor[1]	-	-	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 + NOx)	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[1]	-	-	-	-	6×10^{11} / -	6×10^{11} / -	6×10^{11} / 1.5**	6×10^{11} / 1.5	-
Gasoline									
Nitrogen oxides (NOx): limit value / Compliance factor[1]	-	-	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[1]	-	-	-	-	-	6×10^{12}* / -	6×10^{11} / 1.5**	6×10^{11} / 1.5	-

All values are expressed in mg/km except PN, which is expressed in number of particles per km.

(1) Conformity 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^{12} particles until 2017; from then on, they will be limited to 6×10^{11}, 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[1]. 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. 2) would be reduced by 9% to 25% depending on the season, and up to 45% on major arterial roads, and particle concentrations (PM10) would be reduced by up to 30%. Finally, the number of inhabitants and visitors alike exposed to benzene concentrations higher than 2 µg/m^3 (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 sq.km (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_{10} and $PM_{2.5}$) in the neighborhood in question.

(1) Excluding consumable parts.

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^3/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. 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.

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).

THE ZOE IS ALSO DESIGNED WITH PASSENGER HEALTH IN MIND

Like all vehicles in the Renault Z.E. range, the Renault ZOE electric city car does not emit any atmospheric pollutants during use(1) and is also exemplary in ensuring passenger health and comfort vis-à-vis air pollution. It comes with the highest-quality external air treatment system (with combination filter) as standard(2), as well as the automatic air inlet management system. Furthermore, all of the materials used in the cabin have been selected to minimize the risk of any allergic reaction.

(1) Excluding consumable parts.
(2) From the ZEN level of trim.

2.6.3.5 SOIL AND WATER TABLES ♦

TOTAL SURFACE AREA FOR SITES AND IMPERVIOUS AREAS

	2016	2015	Change over 1 year
Total surface area (in ha)	4,072	4,071	0.01%
Impervious areas (in ha)	1,879	1,858	1.14%
Impervious areas (as a % of the total surface area)	46.1%	45.6%	1.12%

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 2016, the production plants, as well as the main engineering, logistics and head office sites of Groupe Renault (consolidated scope), represented a total area of 4,072 hectares, of which 46% 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.

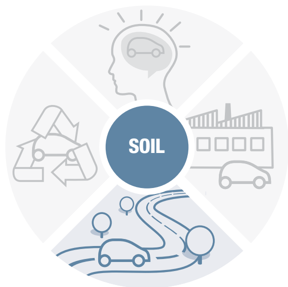
Since 2011, all sites in the RRG commercial network have been equipped with pollution prevention tools, and oil and fuel are now stored above ground or in double-wall tanks fitted with alarms and retention tanks. Priority preventative actions, such as neutralization or replacement of single-wall underground 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 production plants, former production plants 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.

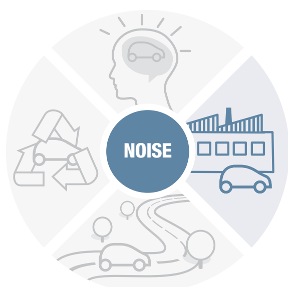
♦ *GRI [G4-DMA]*



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-2016, remediation work was undertaken at 22 sites.

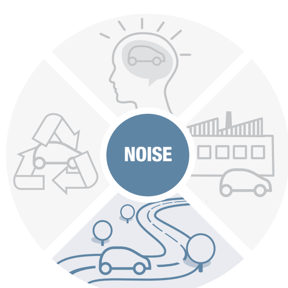
2.6.3.6 NOISE

MANUFACTURING



Noise is a complex subject that involves a wide range of factors such as weather, topography, type and power of noise sources by octave band, directivity, attenuation, or the impact of buildings. 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. Soundproofing measures are focused on stamping presses and extraction chimneys, which generally constitute the main sources of external noise across our industrial facilities.

VEHICLE USE

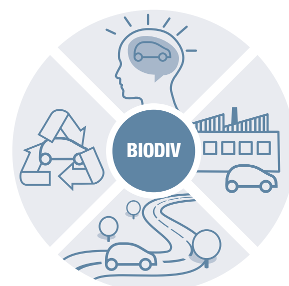


All ICE vehicles marketed by Renault in Europe in 2016 generate a maximum external noise of 74 dBA during driving[1], in accordance with the regulations applicable to vehicles approved before July 2016. The majority also comply with the new 72 dBA limit imposed by European Regulation 540/2014/EC in accordance with the related new measurement standard, even though this limit only applies to models approved since July 2016[2]. 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 dB in 2022 (2020 for New Types) and 68 dB 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 sq.m., 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) All vehicles with internal combustion engines marketed by Groupe Renault in Europe in 2016 were approved for external noise levels before 30 June 2016.
♦ *GRI [G4-DMA, G4-EN11]*

2.7 Health protection

In a proactive approach to health and safety, Groupe Renault is working to reduce the negative impacts of its activities and its products on the health and safety of all stakeholders. It aims to:

- improve working conditions for Group employees, protect their health, safety and well-being (see 2.4.3.1);
- include, in the environmental policy, air quality factors for manufacturing and vehicle use (see 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 2.7.1);
- protect the health of consumers and workers using a substance risk management policy (see 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 the number of road fatalities will reach 1.9 million annually in 2020. 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.

Groupe 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 includes in its systemic vision the specific features of each country to properly take into account factors other than the vehicles and their technologies, such as the road infrastructure, current legislation and its application, the policy and level of training and of raising awareness of road users, etc. 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 constitute 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.

RAISE AWARENESS

SAFETY AND MOBILITY FOR ALL RENAULT

RAISE AWARENESS

Because it is important to learn the right habits from an early age, Renault continued its "Safety and Mobility for All" international road safety program during the 2015-2016 school year, relying on its expertise in this field.

This educational program is intended mainly for children and teenagers. Launched in 2000, it has already reached several million young people, and some 1,000,000 teaching kits have been distributed. Currently running in around ten countries, it is the biggest road safety awareness campaign ever organized by a carmaker. By way of example, the "Kids on the Road" program intended for elementary school children has been rolled out to countries beyond France, including Poland, Slovenia, Bulgaria, Croatia, Portugal, Turkey, Brazil, Argentina and Colombia. The teaching kits are now also available in a digital tablet application format in order to make them more accessible and to protect the environment. A serious game launched in 2014, and fully updated in 2016, raises the awareness of children between the ages of 7 and 11 in terms of road safety and sustainable mobility through three missions and numerous scenarios. The game can be downloaded free of charge from the program's educational resources center (http://www.securite-mobilite-pour-tous.com/resources).

Since the start of the 2011 school year, "Safety and Mobility for All" covers the themes of environmental protection and eco-mobility. It continues to reach 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 "Your Ideas, Your Initiatives". The 2015-2016 competition provided a showcase for 85 very well-developed initiatives, put forward by 2,417 students from 13 participating countries, including Russia, Brazil, Colombia, Argentina, Serbia, India, Ukraine, China and Mexico.

♦ *GRI [G4-DMA]*

COLOMBIA'S COMMITMENT TO ROAD SAFETY

Since 2014, when the Renault Foundation Colombia decided to invest in raising road safety awareness, many actions have been conducted with young people, especially primary-school children.

As part of the international program Safety and Mobility for All, the pedagogical kit "The Road and Me" was introduced to classes in the region of Antioquia, in partnership with public and private educational institutions and the Sofasa-Renault subsidiary. Five thousand kits have been distributed in 18 public schools in Envigado and 500 in English in the private Montessori school. In Envigado, this distribution of kits was accompanied by the gift of 25 tablets equipped with the Renault serious game. The game allows children to improve their knowledge and reflexes as road users and start learning about sustainable development while having fun. The Renault Foundation has also contributed to the renewal of local road safety efforts.

It has also enabled 2,500 Bogotá public school students to visit the Maloka Museum, whose "Road, Safety & Technology Awareness" exhibition deals with the problems of road safety through various educational workshops. It also actively participated in the 2016 EXPOVIAL Forum, at the "Road safety in Industry" conference organized by the Road Safety Consortium (Comité Empresarial Seguridad Vial) of which it is part.

Colombia also participates in the international competition. "Your Ideas Your Initiatives" for young people aged 15 to 17. This year was especially rewarding because two schools were finalists.

A team of 29 students from the École de Clermont asked the question "Why do we have to know everything about how to get to Bogotá?" They came up with creative activities for primary and secondary students: plays, mobility superheroes, car shows, interactive games and four educational workshops about the major road safety topics. Thanks to this awareness-raising campaign, they reached at least 500 families in the school community and parents were actively involved in the creation of educational materials with their children.

Gimnasio Los Caobos developed a game for children with Down syndrome. They are put into contact with specialists to get help and information on the cognitive and emotional characteristics of children with Down syndrome, as well as on their special needs when it comes to learning road safety. They decided to set up an online platform with serious game-type educational games to develop and enhance the skills of children with that condition.

GLOBAL ROAD SAFETY PARTNERSHIP

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. http://www.grsproadsafety.org

In 2016, the GRSP worked in 40 countries worldwide, through extensive national voluntary networks.

In 2016, 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.

DRIVER TRAINING

The "Renault Track, the Right Track", a post-driver's license driving school launched in France (Eure department) in June 2013, is open to everyone: private and professional customers, Renault employees, experienced drivers, senior citizens anxious to improve or young people in the process of learning, as well as individuals with reduced mobility. The educational program addresses both accident prevention and eco-driving. It tries to give students a better understanding of what causes accidents, helps them analyze their own reactions (reflexes and fears) and become familiar with the possibilities and limitations of the vehicle's technology (ABS, EBA, etc.). It also explains the principles of eco-driving (gear shifting, managing acceleration and braking by anticipating traffic conditions) and teaches students how to make the most of eco-driving functions (driving style indicator, journey report, eco-coaching and eco-navigation) to reduce fuel consumption and therefore transport costs. All of the profits generated will be earmarked for social initiatives that target young people in difficulty, to help them re-enter the labor force. (Renault also offers specific training dedicated to eco-driving, called Driving ECO2 (see 2.6.3.1)).

A similar school has existed in Poland since 2004. It has already trained over 13,000 individuals from 280 different companies.

In 2014, Mobiliz partnered with the French driving school ECF (École de Conduite Française) and digital economy experts to build TGD, The Good Drive. TGD is an app available in Android and Apple iOS versions that allows 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. Training sequences are divided into "journeys" that are in turn comprised of "driving situations". Students have to handle about 200 different driving situations: country roads, cities or highways, in various conditions (rain, good weather, nighttime, etc.). They win or lose points depending on how they do. A "replay" function lets them watch their own performance or understand their mistakes.

TGD is a threefold innovation with a social impact.

- Technological innovation: TGD is developing applications and driver training software by using tools from everyday life and transforming them into an ultra-light driving simulator that gives driving students unlimited chances to train, wherever and whenever they want to;
- Economic innovation: TGD reduces the number of lessons students need to take on actual vehicles;
- Educational innovation: TGD is a *serious game* that upends the "theory/practice" approach by introducing a "virtual/real", "simulation/driving a vehicle" interplay.

This threefold innovation is a present-day response to the problem of driver license accessibility that strongly affects disadvantaged groups in society.

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 54 students (some of whom receive financial aid) to take the 18-month course of theoretical and practical instruction. Since the creation of the Manser, 24 students have graduated.

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. Renault's past history in this field, featuring concept-cars that were revolutionary for their time (BRV, Epure) and various publications launched at reputable congresses, has developed into today's integrated approach towards automotive safety, based on passive safety measures over and above the usual requirements covered in the media, coupled with driver assistance for the regular driving stages, to help drivers adopt an appropriate driving style.

This commitment to automotive safety has been substantiated by the attainment, 20 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 II). 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. The recent changes to the Euro NCAP confirm the lines of action taken 15 years ago: the need to limit seat-belt stress, through a system now used by almost all carmakers, and the need to better protect rear passengers (which have belt force limiters, as do the front passenger and driver, in our vehicles). One specific feature concerns the handling of abdominal injuries through submarining. These injuries are all too evident in accident statistics and commonly reported by the emergency services, so they require a special model. The Euro NCAP recently decided to include submarining in its evaluation grid. At the same time, Renault took a very early interest in potentially problematic secondary effects associated with stronger vehicle structures: in the event of impact with another vehicle, the increased robustness designed to better protect the vehicle occupants may, in fact, cause more pronounced injuries in the other vehicle, canceling out all or part of the benefit obtained in the first vehicle. This is known as crash compatibility. Renault suggested a dual approach to this problem encompassing the idea that a vehicle must be sufficiently robust to resist an external impact but must simultaneously limit the destructive potential of that vehicle itself towards other vehicles. To help with this problem, a tool was devised, in the form of a deformable barrier specifically designed to allow these two effects to be measured. This barrier became the basis of a joint safety regulation proposal with PSA and the French government. It is the bedrock of a major change to the Euro NCAP set to take place in the near future. Euro NCAP has decided to include crash compatibility in its evaluation system, and the deformable barrier now features in its road map. Renault is set to become a pioneer in the field.

This effort in the field of passive safety will therefore continue, particularly by introducing stricter 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: 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). In its time, electronic stability control, or ESC – now a regulatory standard – proved remarkably effective (30% fewer single-vehicle accidents), simply by allowing the driver to keep control of his vehicle in extreme conditions. But ADAS have now gone one step further: they can now take 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: 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. But it is our ambition to make them accessible to a wider public, while working to integrate them in our vehicles. Other ADAS, however, form part of Renault's history of assisting drivers with the task of driving (Renault was one of the pioneers of the speed-limiter in Europe): 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.

Our 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 inaugurated a new, more efficient generation of ADAS, which includes emergency automatic braking with pedestrian detection. Thereafter, other ADAS will appear on the scene, paving the way for driverless vehicles.

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 and rescue services: in addition to the numerous technical and research & development collaborations that take into account new technological risks and include vehicle extrication and fire extinguishing tests on vehicles that run using new energies, Renault regularly donates vehicles to assist with training emergency services in road safety.

The implemented strategy focuses on four factors:

- improved knowledge of the Group's vehicles among firefighters;
- acknowledgment of constraints experienced by firefighters during interventions;
- implementation of research and innovation projects;
- technical modification to vehicles.

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 case where extrication is needed, for each new model in the range. 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. This is evidenced by the fireman access, already incorporated in ZOE, and which will be present in future electric vehicles in the range. This system enables firefighters to quickly and efficiently extinguish an electric vehicle fire.

New measures were implemented in 2016:

- A proposal made to the staff of EuroNcap to take into account tertiary road safety elements on-board vehicles when counting the points to obtain stars. This proposal was accepted and the decision taken by EuroNcap to include tertiary safety in its 2020-2025 strategy;
- A number of research and innovation projects are underway in partnership with French firefighters, and there are projects to improve existing systems and components in our vehicles. Everything is geared toward improving the care given to the victims of road accidents by ensuring the safety of both victims and rescue workers;
- Continuation of the QUO VADIS research project, partly financed by the Road Safety Foundation in collaboration with the APHP, Departmental Intervention Units in departments 78 and 63, the BSPP and the SAMU in departments 78, 63 and 75. This project aims to provide emergency services with new criteria - garnered from deformation to vehicles involved in accidents - in order to estimate the probabilities of victim injuries:
  - 14 decision support sheets for the new vehicles in the Renault and Dacia ranges and a world first, for all our TPRM (transport of people with reduced mobility) vehicles, were drafted by Renault Tech,
  - 409 internal combustion and electric vehicles, some intact and some from crash testing, were donated to emergency services to help improve their training in extricating people from vehicles. Vehicle contribution agreements were signed with 80% of the French Departmental Intervention Units,
  - several road safety teaching vehicles were made by Renault's prototype production center and donated to the French fire services,
  - participation several times per year in the national highway emergency training organized by two Departmental Intervention Units (departments 17 and 86), and in national training for interventions in situations involving alternative fuel vehicles; 400 firefighters were involved, with the training extended to Italian and Finnish firefighters,
  - collaboration in the organization of the 1st National Rescue Challenge held in La Rochelle in May 2016, bringing together eight teams of firefighters from different French departments,
  - participation in the meetings of the CTIF (International Fire Committee - an umbrella group for firefighters from 34 countries),
  - contribution to the creation of an ISO format for the decision support sheets used in dealing with vehicle accidents,
  - co-organization with the Paris Fire and Rescue Services (Brigade de Sapeurs-pompiers de Paris) of a demonstration on handling a disabled victim in a wheelchair in a transport vehicle for people with reduced mobility, during the National Firefighters Convention in Tours.
  - organization of the annual Renault Tertiary Road Safety seminar at the Lardy Technical Center, for 150 firefighters. Technical discussions with engineering services and implementation of a crash test between two vehicles, then cut by two firefighter teams,
  - technical contribution to four annual national fire service meetings: technical seminars, themed days, national fire and rescue services convention, highway and medical convention.

To date, Renault has invested over €2 million in all its support programs for firefighters.

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 play a role as sensors for other vehicles: traffic, skid resistance, road obstructions, traffic incidents, unforeseen events, etc. The information collected will be used firstly to offer safety services (for example, alerts regarding incidents occurring along the itinerary, zones with specific dangers, traffic control at intersections and, why not, even anti-collision information), as well as traffic services (congestion, alternative itineraries in real time, etc.). The New Information and Communication Technologies (*Nouvelles technologies de l'information et de la communication*, NTIC) are becoming increasingly powerful and robust, and increasingly affordable, simple to use and diverse.

The driverless vehicle will be introduced gradually, initially, with partial or conditional autonomy, depending on the driving situations envisaged.

Various authorities (NHTSA, SAE, OICA, VDA, etc.) have defined levels of autonomy using scales (generally from 0 to 5), running from manual driving or driving assisted by driving information aids (level 0), to complete vehicle autonomy under all circumstances (level 5). These levels are established according to the distribution of tasks and the driving authority between the driver and the vehicle.

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;
- the Overall Product Safety;
- compliance with regulations (technical aspects and traffic laws);
- compliance with the European declaration of principles regarding the human/machine interface;
- the creation of international standards and norms;
- the 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 a leader expert;
- 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: communication, road safety week, defensive driving courses, etc.

The prevention of employee accidents during travel and traffic accidents while on business is part and parcel of an overall road risk prevention effort 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 to promote road safety to Group employees internationally, throughout its engineering, manufacturing and sales operations. It is updating the road safety Charter and participates in the platform of businesses committed to road safety.

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 the prevention of road hazards;
- the development of training measures for road risk prevention so as to reach a larger percentage of the workforce (including France, Romania, Morocco, Algeria and South America).

2.7.2 Substance risk management ♦

Environmental objectives 2016		Deadline	Status as of year-end 2016	New environmental objectives
Manufacturing and product	Replace potentially toxic chemical substances	Ongoing	60% reduction of the number of hazardous chemical products* used on Groupe Renault sites since 2010	Reduce by 20% between 2016 and 2022 the number of hazardous chemical products* used on Groupe Renault sites (i.e. -68% between 2010 and 2022)

* *Chemical products classified as "Priority 1" 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.

In addition, following an implementation phase, the REACH regulation is now fully 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 works with a network of around 50 correspondents across Europe and maintains a dialog with counterparts inside and outside the Alliance. Its brief is to identify and supervise the work necessary to achieve compliance by the 98 Renault legal entities concerned, 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 chemical products, 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.

♦ *GRI [G4-DMA, G4-PR1]*

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

Major actor of the economic development due to the location and size of its operations, its procurement of parts and services, its distribution network and mobility solutions (products and services) proposed, the Company plays a role in the social development of its host countries.

Groupe Renault seeks to be an animator and partner in the transformation of the communities within which it operates. For the Company, this means identifying the needs and expectations of its surrounding stakeholders and offering them solutions through its core business, the introduction of innovative approaches and support for their individual and collective development. The majority of the Group's contributions to its host countries are described in the preceding sections. Nevertheless, some illustrations are featured below.

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 2016 by the European Automobile Manufacturer's Association (ACEA), the automotive industry in EU27 supported 12.2 million jobs in 2013, 2.3 million of which were direct jobs, *i.e.* roughly 4.3 indirect jobs for each automotive industry employee. 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 €401.5 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.

♦ *GRI [G4-DMA, G4-6, G4-EC8]*

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 local challenges and expectations;
- on an *ad hoc* basis, in response to special requests from NGOs, charities and volunteer organizations.

Renault also contributes by providing direct local assistance using a proactive approach. Groupe Renault employs innovative solutions aimed at resolving the issues faced by the communities in which it operates, while improving the Company's performance. This involves the creation of shared value.

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 as a result of 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 11,500 individuals, delivering more than 1,200,000 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 2015, IFMIA-TM launched its Management School, with a training program specifically for individual managers and for managers of managers.

  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.

After five years in operation, IFMIA-TM has become a benchmark in Training by Apprenticeship, for both Renault and the Kingdom of Morocco.

- In France, Renault signed the French government and local authorities' Company and Neighborhoods Charter, in June 2014. In doing so, it undertook to bring concrete solutions to economic, social and cultural development issues in neighborhoods deemed of priority importance by city policy, and to work in close collaboration with public authorities. In addition to the Charter, Renault signed an agreement detailing its commitments in the following areas. The agreement received a positive assessment in September 2015, on account of both the mechanisms in place and results obtained:
  - 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 young people from high priority neighborhoods near our facilities. (ii) *Via* its Société des Automobiles ALPINE subsidiary, Renault has taken part in the "50 chances, 50 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. (iii) In 2012, the Renault Foundation, the Institut Universitaire de Technologie de Mantes en Yvelines and the Université de Saint-Quentin-en-Yvelines created a professional degree in electric vehicles and Electromobility to serve as a launch pad toward employment in the electric mobility sector. Most of the students complete their internships with Renault. Particular attention is paid to recruiting young people from high priority neighborhoods,
  - local services, access to the Company's products and services. Based on a detailed mapping of priority neighborhoods, the Group is increasing the presence of Renault Socially Responsible Garages (Garages Renault Solidaires), part of the Mobiliz program (see section 2.2.3.1), so that low income populations will have greater access to the program's services.

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 the Groupe Renault in June 2014 - is to pay particular attention to the high priority neighborhoods defined in the Government's city policy, and to contribute to the effectiveness of urban 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.

Country	Name	Year of creation	Principal activities	Scope of action	Annual budget
Argentina	Fundación Renault Argentina http://www.fundacionrenault.org.ar/	1960	Education Environment Road safety Health Local development	Local and regional	€380,000
Brazil	Instituto Renault do Brasil http://www.renault.com.br/mais_renault/instituto-renault/	2010	Education Environment Road safety Diversity Local development	Local and regional	€480,000
Colombia	Fundación Renault Colombia	2014	Education Diversity Environment Road safety	National	€120,000
Spain	Fundación Renault España	1963	Education Sports	National – for employees' children	€400,000
	Fundación Renault para la Movilidad Sostenible http://www.fundacionrenaultmovilidadsostenible.com/	2012	Sustainable mobility	National	€150,000
France	Fondation d'Entreprise Renault https://www.fondation.renault.com/	2001	Education	International	€2.8 million

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, associations, volunteer organizations and employees seeking support for projects in the areas of general interest, solidarity or good citizenship.

To respond to these demands, the Company drew up a standard procedure in 2010 that can be used to collect and analyze these applications through a single gateway accessible to all on www.groupe.renault.com.

This front-office for submitting applications is open to both external organizations and Renault employees who belong to associations. Applicants provide documentation on their projects in terms of organization, including goals, quantitative indicators and budget breakdown. They must demonstrate how the project is consistent with Groupe Renault's CSR policy and how it fits within one of the four strategic priorities (sustainable mobility, road safety, environment, human capital). In 2016, Renault received and handled 232 requests for support for projects in France and abroad. €195,000 were awarded to 12 selected projects, which are described in section 2.9.4.3.

Funding decisions are made collegially by a jury comprising employee representatives of Groupe Renault's Works council, the Legal, Communications, CSR and HR departments, and the different international Regions. The jury meets twice a year to select the initiatives that will be funded. Country requests for support are always subject to local validation to ensure they are passed along to the appropriate department. Other locally relevant requests can be paid for directly by the subsidiaries.

This type of *ad hoc* patronage, whether resulting from the patronage portal or initiated directly by the subsidiaries and sites, also gives the Company the opportunity to conduct pilot projects with some of the recipient associations, with the aim of establishing longer-term relationships.

RENAULT RETAIL GROUP

In 2003, RRG created a Social and Humanitarian Aid Fund (*Fonds d'Aide Sociale et Humanitaire*, FASH) dedicated to awarding financial assistance to RRG employees and to social, charitable or humanitarian organizations. Since its creation, nearly 160 organizations have received support: the initiatives undertaken by the funds involve projects in areas such as education, health, disability, sponsorship and paid leave for employees to perform charity work. Its continuing action is based on a collective agreement, which will be renegotiated in 2017 with all the trade unions representing staff at RRG. FASH is funded by an annual levy of 2% taken from amounts due in respect of the employee profit-sharing scheme based on the Company's financial performance. This endowment has a ceiling of €75,000 per year and is supplemented by a matching employer contribution from the Company. The fund is managed by a commission consisting of representatives from management and from each labor union, with requests submitted to the Works councils.

2.8.1.4 CALCULATING THE IMPACT OF SOCIETAL FACTORS

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 four themes listed above (Sustainable Mobility, Road Safety, Environment, Human Capital). 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 2016:

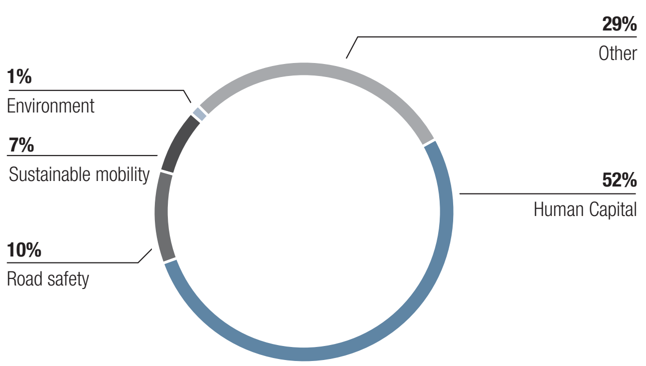
- nearly 420 initiatives were identified in 27 countries, covering Renault's five geographical Regions;
- 71% of amounts provided to these initiatives address one of the Group's main societal responsibility themes;

A detailed breakdown is attached as Appendix 2.9.4.2.

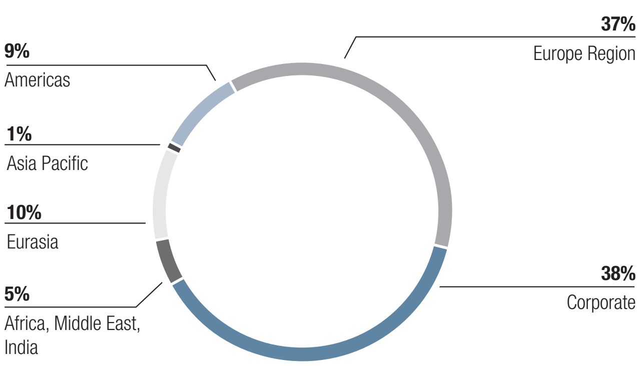
♦ *GRI [G4-DMA]*

DISTRIBUTION OF INVESTMENTS WITH A SOCIETAL GOAL

BY PRIORITY THEME



BY REGION



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.

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 G4 Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), 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. That initial version was then challenged and reviewed through a series of interviews with members of the Group Executive Committee, and directors of the relevant major functions, and then through extensive discussions with representatives of the main stakeholders: staff representative, consumer groups, an NGO, automobile journalists, a sustainable development (SD) analyst, an international coalition of companies specializing in SD, a supplier and a consultancy firm specializing in SD for 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.

♦ *GRI [G4-19]*

The table below details the content of each of the stakes identified:

CSR stakes	Description	Reference
ENV01. Vehicle Carbon footprint (full life cycle)	Reduction of CO_2 emissions from combustion engines (reduction, aerodynamics, *downsizing*, management of heat losses and friction) Reduction of CO_2 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
ENV02. Vehicle Impacts on air quality	Reductions in pollutant emissions from internal combustion vehicles: NOx, SOx, particles Large-scale marketing of electric vehicles	2.6.3.4
ENV03. Resources management and circular economy	Decreased use of raw materials: design of economic, recyclable and recoverable vehicles, channels for end-of-life vehicles (collection, reuse, refurbishment of mechanical 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
ENV04. Energy management (industrial sites and logistics)	Energy management in manufacturing processes: control of consumption, process optimization, energy efficiency, renewable energy Energy management in logistics: localization, reduction of the number of trucks/containers, alternative methods of transport, driver training	2.6.3.1
ENV05. Passenger health	Management of chemical substances (REACH, SVHC, etc.) and anticipation of regulatory developments Cabin air quality	2.7.2 2.6.3.4
ENV06. 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)	1.5.1.3 2.4.3.1 2.6.3
ENV07. Waste management	Industrial waste management (hazardous and non-hazardous): reduce, reuse, recycle, recover, remove	2.6.3.2
ENV08. industrial sites impact on air quality	Reduction of emissions of atmospheric pollutants from industrial sites: COV, SO_2, NO_x	2.6.3.4
ENV09. 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
ENV10. Biodiversity	Protection of biodiversity of species and ecosystems	2.6.3.7
ENV11. Vehicle noise	Management of noise emissions from vehicles	2.6.3.6
SMU01. Vehicle safety	Driver assists, primary, secondary and tertiary safety equipment	2.7.1.1
SMU02. Road user safety	Training and awareness-raising Skills development	2.7.1.1
SMU03. Products and services affordability	Range of vehicles, parts and services “for everyone” Social entrepreneurship (Mobiliz)	2.2.3
SMU04. Connected and autonomous vehicles	Product innovation and service for connected and/or autonomous vehicles	2.2.2.3
SMU05. Product and service physical accessibility	Consideration of reduced mobility and/or elderly persons in products and services Equipment/transformations for people with reduced mobility	2.2.4
SMU06. Sustainable cities (including urban mobility and congestion) and Smart Mobility	Transportation and urban development (global and local), *Smart cities,* multimodality/modal shifts, urban logistics Shared mobility (collaborative mobility, car-sharing, carpooling, etc.)	2.2.2.4
HCA01. 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
HCA02. Responsible management	Support employee engagement	2.4.3
HCA03. Skills management	Dynamic skills management GPEC, training, expertise, evaluation and development Appeal and retention of talent	2.4.1.4
HCA04. Diversity and equal opportunities	Promotion of diversity and equal opportunity Relationships with schools, youth policy	2.4.2.1
HCA05. Compensation & Benefits	Compensation, benefits, incentive system	2.4.3.2
ETR01. Business ethics and compliance	Prevention of corruption and unfair practices Compliance and regulatory anticipation	2.3.1
ETR02. Cyber security and data privacy	Protection of privacy and personal data Information security	2.3.3.5
ETR03. Human rights	Respect and promotion of human rights throughout the value chain (Global Compact, ILO Declaration, IndustriAll global framework agreement)	2.4.4
ETR04. Stakeholder dialog	Responsible engagement with stakeholders (public authorities, NGOs, investors, etc.) Responsible lobbying	2.1.6
ETR05. Corporate governance	Respect for corporate governance and transparency principles Risk management	2.1.4 3.1.1.4
ETR06. Supplier and dealer relations	Responsible relations with suppliers, subcontractors and the dealership network Responsible management of supply chain, supplier CSR audits	2.3.2.3
ETR07. Community and local development	Education, social involvement, job creation, payment of taxes, and skills development, investment/economic development	2.8
ETR08. Philanthropy	Donations of any kind, skill-based sponsorship, partnerships	2.8.1.3

2.9.2 Appendices concerning social commitment ♦

GROUP SAVINGS AND COLLECTIVE RETIREMENT PLAN

COMPOSITION		Number of subscribers at december 31, 2016	Assets (in millions of euros)	Perf. 2016 (in %)
Actions Renault Funds (Group savings plan)				
Actions Renault Fund[(1) (3)]	Almost 100% Renault shares	29,058	404.6	(8.99)
Renault Shares Fund[(2)]	Almost 100% Renault shares	7,209	86.5	(8.99)
Diversified funds (Group savings plan and collective retirement savings plan)				
Multipar Actions Soc Resp	100% euro zone shares	7,078	52.5	6.05
Multipar Equilibre Soc Resp	50% shares	13 003	168,8	4,78
	13,003			
	30% bonds			
	30% monetary			
50% bonds	10% solidarity	168.8	4.78	2.56
Multipar Solidaire Oblig Soc Resp	90/95% monetary and bonds 5/10% solidarity securities	10,598	86.0	1.31
Multipar Monétaire Soc.Responsable	100% monetary	11,447	46.4	(0.09)
Perspective Monde	International shares	1,764	4,5	3.42
Perspective Certitude	Diversified	1,817	4.3	0.35
BNP PARIBAS RETRAITE RESPONSABLE (PERCO) [(3) (4)]				
BNP PARIBAS RETRAITE RESPONSABLE[(5)]	Diversified	721	5.2	1.17
2021	Diversified	662	5.4	0.16
2024	Diversified	561	4.0	0.88
2027	Diversified	405	2.4	1.38
2030	Diversified	381	2.2	1.13
2033	Diversified	339	1.1	1.08
2036	Diversified	254	1.4	NS[(5)]
RETRAITE RESPONSABLE HORIZON	International shares	516	1.3	1.05

(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.
(5) Created on 4/5/2016.

♦ *GRI [G4-20, G4-21, G4-23]*

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 thus been chosen:

- the carbon footprint is calculated for a vehicle. Consequently, the emissions from associated logistics and powertrain plants are counted pro rata to the number of vehicles produced by the Group (Groupe Renault sells engines and transmissions to other manufacturers and therefore produces more mechanical components than vehicles.);
- in the event of sales or acquisitions, the reference value (2010) is corrected to take into account 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 GaBi LCA databases 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 is what happened in 2015;
- the carbon footprint is calculated for a constant scope of emissions (the categories of emissions included do not change from one year to another, even though continual improvement in the reporting methods broadens the range of available data, particularly for scopes 1 and 2).

The carbon footprint for Renault doesn't 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 GHG Protocol.

♦ *GRI [G4-17, G4-20, G4-21, G4-23]*

GHG protocol categories	Renault carbon footprint category	Scope	Source of data
SCOPE 1		**DIRECT EMISSIONS**	
	Plants and other Renault sites	Worldwide Industrial, tertiary, logistics sites monitored by Renault (see appendix: Environmental indicators for the sites) Emissions from combustion of fuels only).	Primary: Annual reporting by the sites *(Emissions from powertrain plants are adjusted pro rata to the total number of vehicles produced by the Group).*
SCOPE 2		**INDIRECT EMISSIONS**	
	Plants and other Renault sites	Worldwide Industrial, tertiary, logistics sites monitored by Renault (see appendix: Environmental indicators for the sites) Emissions from electrical energy only	Primary: Annual reporting by the sites *(Emissions from powertrain plants are corrected in proportion to the number of vehicles produced by the Group).*
SCOPE 3		**OTHER RELATED EMISSIONS**	
Goods and services purchased	Materials	Worldwide “Cradle to grave” 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. The GaBi LCA databases on the carbon intensity from materials and parts are the same between 2010 and 2015. To take into account the progress made by the industry, we take the value of 2% per year for carbon intensity reduction for the production of materials and parts. This ratio is based on an internal study of the average rate of improvement of the production carbon intensity of Groupe Renault’s main suppliers of parts and materials. The benefits associated with the use of recycled materials are deducted	Secondary: GaBi LCA database (emissions linked to materials and parts), Primary: Renault design base (composition of vehicles, recycled materials), sales figures by country
Logistics and supply (upstream)	Logistics	Worldwide Road/sea and rail transport	Primary: reporting on logistics activities *(Emissions from powertrain plants are corrected in proportion to the number of vehicles produced by the Group)*
Business travel	Travel	Worldwide All transport modes (train, air and company vehicles)	Primary: travel agency reporting and in-house fuel station records.
Daily transport for employees	Travel	France Emissions prevented through homeworking are deducted.	Primary: information provided by employees.
Logistics and distribution (downstream)	Logistics	Worldwide Road/sea and rail transport	Primary: reporting on logistics activities *(Emissions from powertrain plants are corrected in proportion to the number of vehicles produced by the Group).*
Use of products sold	Use	Worldwide All vehicles sold (passenger and light commercial) “Tank to wheel” emissions calculated for a 10-year life span/150,000 km	Primary: certification data (NEDC in Europe), technical definitions (for countries without CO_2 certification), sales figures by country. Certification data are not corrected, regardless of the certification cycle used (the certification cycle chosen by each country is assumed to correspond to majority use). 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 base (material composition of vehicles), sales figures by country. Secondary: 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 GHG Protocol emissions not included in the Renault Carbon Footprint		Capital goods; Fuel and energy not included in scopes 1 and 2; Waste generated; Leased vehicles (upstream); Franchises, Investments; Transformation of products sold (not significant)	
OTHER INDIRECT EMISSIONS COUNTED IN THE RENAULT CARBON FOOTPRINT (other than GHG protocol categories)			
	Fuel	“Well to tank” emissions related to the production of energy consumed by vehicles sold (extraction of oil, transport, refining; production of the electricity consumed by electric vehicles)	Primary: CO_2 data based on CO_2 used, type of fuel used/geography or country Secondary: JEC report for CO_2 emissions WtT based on CO_2 TtW (usage)

Note: Emissions from the Renault Retail Group distribution network, which were not measured for the base year (2010), are therefore not taken into account in the calculation of the Groupe Renault carbon footprint over the period 2010-2016.

PERCENTAGE OF RECYCLED MATERIALS IN VEHICLES PRODUCED IN EUROPE

For the monitoring period for the 2016 objective, the indicator is calculated based on a NEW MEGANE (2016) equipped with a 1.5 dCi 90 diesel engine representative of the range produced in Europe.

The rate is calculated using the composition of the materials in the vehicle and the average rate of use of recycled materials within the European materials production sector. When the same material presents variable rates of recycled materials depending on the mode of production (e.g. flat steel versus long steel), the material composition of the vehicle is adjusted to take this into account.

2.9.3.2 METHOD USED FOR THE “SITE ENVIRONMENTAL INDICATORS IN 2016” TABLE

Reporting for the environmental indicators was conducted in accordance with the stipulations of the 2016 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 encompasses the industrial subsidiaries (body assembly, final assembly, powertrain and foundry) and the support sites (product and process design, logistics) in which Renault holds a stake of at least 50%. All impacts are attributed to Renault. 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 2016” 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 the waste from Gaia 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 Production Engineering Department (Energy & Health, Security, Environment office and the Painting 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, Ernst & Young et Associés. 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^3).

Measured volumes include water obtained by pumping (underground and surface water) and/or external networks (drinking water, industrial water). Collected rainwater (RTR Titu, Giheung, Guyancourt, Maubeuge, Flins) is also included.

In Busan, the Delivery Dispatch Center (parking and shipping center for new vehicles) and employee housing are excluded for energy and water.

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 tonnes per year.

The quantity of OM represents the flow of oxidizable matter discharged, expressed in tonnes per year. This quantity is expressed in tonnes 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 tonnes 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), Cordoba Santa Isabel (Argentina) and SOMACA (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 “n/a”.

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 73% of engineering, logistics and support sites.

The Moscow (Avtoframos) and Factoria Santa Isabel sites are subject to specific regulatory requirements, and receive an exemption on the calculation methodology of the specific flows.

The significant annual variations of these flows observed at certain manufacturing sites (Curitiba, Sofasa, Somaca, Factoria Santa Isabel, Choisy-le-Roi, Lardy, Saint André de l’Eure and Ruitz) are due to the limited frequency of regulatory measurement, which results in some uncertainty with regard to the reliability of consolidated data, in particular for Suspended Solids (SS) and Oxidizable Matter (OM).

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 tonnes of VOC emissions and the ratio of VOC emissions per m^2 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_2 and NOx 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_2 emissions are insignificant and NOx emissions are difficult to calculate (unreliable assessment method).

Greenhouse gas (GHG) discharges include the direct and indirect GHG emissions and are expressed in metric tonnes 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 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 HFO1234 yf 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 of non-TCM vehicles;
- forklift trucks using compressed natural gas or propane;
- fuel consumption relating to Renault's company vehicles (taxi pools, shuttles, service vehicles, handling equipment, etc.);
- coolant leaks from air conditioning systems and processes on site (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 (outside the European Union);
- solvent incineration;
- tests on TCM vehicles leaving the assembly line (roller bench tests).

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.

Greenhouse gas (GHG) indirect discharges are related to purchased electricity, steam and hot water. The emission factors used for the 2016 reporting are:

- for electricity, those published by the IEA (International Energy Agency) in its CO_2 Emissions from Fuel Combustion 2016 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 energy combustion in the foundries are taken into account.

Emissions factors used in the calculations of SO_2, NOx 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 2016.

The emission factor from fixed combustion installations of low NOx Natural Gas was calculated in 2011, based on an internal study of 88% of sites in the scope having low NOx burners. The factor thus obtained (0.0266kg/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 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. 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 February 2014) 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 2016 [1]

SITE NAME	VEHICLE PRODUCTION	EXTERNAL SUPPLY OF WATER *In thousands of m³*	Treatment Plants=	SUSPENDED SOLIDS (SS) *in tons/year*	COD *in tons/year*	TOXIC METALS *in tons/year*	total GHG *in teq CO_2*	O/W: direct GHG	O/W: indirect GHG	VOC *In g/m²*	VOC *In tons*	SO_2 *In tons*	NO_x *In tons*	Total NHW *In tons*	O/W: non metallic NHW *In tons*	O/W: metallic NHW *In tons*	Total HW *In tons*	energy consumption *In mwh lhv*
			Liquid discharges								Air emissions			Waste, Excluding worksite waste [15]				Energy
MANUFACTURING SITES																		
Body Assembly Plants																		
Batilly (SOVAB) [2]	132,825	295.3	PB	1.6	12.6	0.2	38,657	35,725	2,932	42.0	913	0.35	35.79	3,711	2,858	853	2,229	236,996
Casablanca (SOMACA) [14]	71,824	180.3	-	80.7	125.4	5.8	27,035	8,003	19,032	72.8	502	0.27	7.34	6,161	5,945	216	695	60,877
Cordoba Santa Isabel [12]	62,293	207.6	PU	0.0	8.7	0.1	34,233	18,528	15,705	63.7	341	0.13	18.13	11,760	5,179	6,581	748	114,460
Dieppe	5,593	8.6	U	nc	nc	nc	4,382	4,116	266	52.2	27	0.03	3.01	583	583	-	245	25,160
Douai [7]	163,007	543.7	PB	5.7	21.4	0.3	50,686	45,664	5,022	31.1	578	0.38	49.50	54,394	7,302	47,092	2,127	325,708
Flins [8]	159,979	1,092.5	PB	25.4	45.2	1.0	62,431	57,421	5,010	34.3	517	0.49	42.30	52,494	6,664	45,830	2,476	363,731
Maubeuge	162,254	257.6	PB	0.9	3.7	0.1	29,121	26,205	2,916	35.8	628	0.22	26.79	37,684	2,369	35,315	1,717	189,964
Envigado (Sofasa)	77,878	170.0	PU	4.6	57.9	0.6	10,505	6,965	3,540	63.7	485	0.04	3.45	10,777	10,346	431	333	39,409
Moscou (Avtoframos)	74,019	285.0	PU	5.4	47.5	0.1	41,205	16,543	24,662	66.8	523	0.13	16.70	7,864	7,386	478	1,112	150,364
Novo Mesto	133,565	199.1	PU	0.8	42.7	0.0	31,520	17,600	13,920	26.8	279	0.25	19.66	30,561	2,124	28,437	1,029	142,212
Palencia [9]	332,247	531.9	PB	2.1	26.2	0.4	64,336	39,085	25,251	28.3	837	0.37	43.88	48,259	7,293	40,966	2,948	278,213
Sandouville [11]	121,654	399.2	PB	1.6	11.7	0.1	38,285	34,016	4,269	51.2	912	0.29	35.67	36,357	3,664	32,693	3,388	276,506
Valladolid Carrosserie		133.1	PU	0.7	7.4	0.2	24,261	11,962	12,299	nc	nc	0.10	13.54	76,932	1,743	75,189	778	103,944
Valladolid Montage	245,676	473.9	PU	3.2	31.2	1.2	58,508	35,886	22,622	30.1	724	0.31	40.80	6,491	5,718	773	2,585	253,825
Tanger	273,082	331.9	PU	nc	nc	nc	5,122	5,122	0	26.4	746	0.15	3.96	76,952	12,407	64,545	3,357	217,931
Powertrain Plants																		
ACI Villeurbanne		20.8	U	nc	nc	nc	2,493	2,051	442	nc	nc	0.02	2.36	2,544	170	2,374	83	20,483
Cacia [5]		95.4	PB	15.8	32.3	0.0	17,694	1,792	15,902	nc	nc	0.01	0.81	7,639	782	6,857	1,387	65,364
Choisy-le-Roi [6]		12.5	PU	3.9	7.4	0.0	1,385	1,266	119	nc	nc	0.01	1.36	2,197	308	1,889	114	8,500
Cléon		1,279.6	PU	7.9	219.3	0.3	33,005	20,875	12,130	nc	nc	0.15	19.63	36,355	6,258	30,097	8,117	380,789
Le Mans		2,419.8	P	37.6	59.8	0.1	27,889	20,146	7,743	nc	nc	0.19	13.18	40,242	18,951	21,291	1,463	273,086
Los Andes		24.6	U	nc	nc	nc	8,250	1,619	6,631	nc	nc	0.03	1.54	2,661	609	2,052	981	23,250
Ruitz (STA)		25.8	U	1.8	3.1	0.0	5,381	4,011	1,370	nc	nc	0.03	4.18	2,399	285	2,114	690	50,643
Seville		123.1	PU	0.7	45.8	0.0	26,830	7,230	19,600	nc	nc	0.04	5.38	9,524	604	8,920	2,080	98,988
Valladolid Motores		210.4	PU	1.2	11.6	0.4	54,245	11,628	42,617	nc	nc	0.08	10.00	26,772	3,761	23,011	4,392	208,253
Mixed Plants																		
Bursa [3]	340,000	538.8	PBU	31.3	31.1	1.0	54,921	34,315	20,606	34.1	1,106	0.28	31.90	69,103	10,492	58,611	2,395	302,017
Busan (RSM) [4]	244,025	478.2	PBU	0.3	7.5	0.7	123,975	60,671	63,304	22.4	568	0.24	30.27	37,514	9,175	28,339	1,846	282,07
Curitiba Complexe Ayrton Senna	211,335	359.8	PU	9.4	251.4	1.2	38,050	20,566	17,484	39.0	866	0.16	20.52	44,461	13,049	31,412	3,936	193699
Dacia Automobile [10]	320,239	1,180.0	PU	117.8	487.1	0.2	173,832	85,052	88,780	37.7	1394	4.48	58.33	165,280	12,059	153,221	6,099	607833
Foundries																		
Cordoba Fonderie Aluminium		12.6	U	nc	nc	nc	5,720	3,419	2,301	nc	nc	0.03	3.93	315	12	303	3,976	22,008
Fonderie de Bretagne		102.9	PU	0.4	1.1	0.0	7,928	4,330	3,598	nc	nc	0.04	4.31	15,308	10,392	4,916	321	106,421
Tandil		26.6	U	nc	nc	nc	8,723	1,641	7,082	nc	nc	0.01	1.79	2,426	852	1,574	661	25,337
TOTAL	**3,131,495**	**12,021**		**360.7**	**1,598.8**	**13.9**	**1,110,608**	**643,453**	**467,155**	**36.2**	**11,948.1**	**9.3**	**570.0**	**925,720**	**169,342**	**756,379**	**64,308**	**5,448,378**

						Liquid discharges						Air emissions		Waste, Excluding worksite waste (15)				Energy
SITE NAME	VEHICLE PRODUCTION	EXTERNAL SUPPLY OF WATER *In thousands of m³*	Treatment Plants=	SUSPENDED SOLIDS (SS) *in tons/ year*	COD *in tons/ year*	TOXIC METALS *in tons/ year*	total GHG *in teq CO_2*	O/W: direct GHG	O/W: indirect GHG	VOC *In g/m²*	VOC *In tons*	SO_2 *In tons*	NO_x *In tons*	Total NHW *In tons*	O/W: non metallic NHW *In tons*	O/W: metallic NHW *In tons*	Total HW *In tons*	energy cons-umption *In mwh lhv*
Engineering, Logistics and Support sites																		
Aubevoye		27.8	U	nc	nc	nc	6,261	5,639	622	nc	nc	0.02	1.19	2,519	392	2,127	108	27,584
Boulogne (Head office and other entities)		63.1	U	nc	nc	nc	5,763	4,496	1,267	nc	nc	0.03	3.21	448	429	19	39	44,125
Cergy-Pontoise		10.3	U	nc	nc	nc	3,982	480	3,502	nc	nc	0.01	0.38	2,343	2,062	281	89	20,001
DACIA centre logistique CKD		9.3	U	nc	nc	nc	2,887	1,875	1,012	nc	nc	0.01	0.44	2,257	2,126	131	3	7,705
Giheung (RSM)		51.6	B	nc	nc	nc	16,855	6,213	10,642	nc	nc	0.04	2.23	531	332	199	601	42,617
Grand-Couronne		4.9	U	nc	nc	nc	1,855	1,750	105	nc	nc	0.01	0.59	913	818	95	58	8,663
Guyancourt		216.4	U	nc	nc	nc	22,576	19,391	3,185	nc	nc	0.13	7.07	2,565	1,923	642	247	144,569
Heudebouville (Renault Tech)		1.2	U	nc	nc	nc	239	207	32	nc	nc	0.00	0.17	129	88	41	28	1,492
Lardy		107.1	U	39.6	38.2	0.3	19,055	16,371	2,684	nc	nc	0.13	4.55	533	467	66	425	112,247
Saint-André-de-l'Eure		11.6	U	0.2	0.8	0.0	1,367	1,268	99	nc	nc	0.02	0.52	1,949	1,614	336	5	7,736
Titu		54.3	U	nc	nc	nc	10,488	5,374	5,114	nc	nc	0.02	0.78	786	243	543	45	24,115
Valladolid Services Centraux		41.6	U	0.1	1.2	0.0	8,456	6,461	1,995	nc	nc	0.06	2.81	342	340	2	106	19,264
Villeroy (DLPA)		8.0	U	nc	nc	nc	1,449	1,160	289	nc	nc	0.02	0.51	2,911	2,446	465	74	12,301
Villiers-Saint-Frédéric		7.4	U	nc	nc	nc	2,587	2,167	420	nc	nc	0.01	0.62	294	207	88	16	16,728
TOTAL		**614.5**		**39.89**	**40.2**	**0.3**	**103,820**	**72,852**	**30,968**	**NC**	**0.00**	**0.51**	**25.07**	**18,520**	**13,486**	**5,034**	**1,843**	**489,147**
GROUPE TOTAL 2016	**3,131,495**	**12,635**		**400.6**	**1,638.9**	**14.2**	**1,214,428**	**716,305**	**498,123**	**36.2**	**NC**	**9.8**	**595.1**	**944,240**	**182,827**	**761,413**	**66,152**	**5,937,525**
GROUPE TOTAL 2015 (13)	**2,843,353**	**11,840**		**375.0**	**1,556.3**	**12.3**	**1,230,159**	**662,478**	**567,681**	**36.9**	**11,021**	**10.8**	**528.6**	**892,354**	**175,240**	**717,114**	**59,924**	**5,541,795**
Sites outside the scope of certification, *information purposes only:*																		
DACIA Drinking water production site		258.9	U	3.90	0.42	0.00	278	nc	278	nc	nc	nc	nc	nc	nc	nc	nc	1,224
Dacia Davidesti waste storage facility		0.3	PB	0.13	0.51	0.00	12	0.00	12	nc	nc	0.00	0.00	nc	nc	nc	nc	37

n/a: not applicable (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 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) All the impacts of the Industrial Supplier Park are included in Cacia plant data.

(6) For Choisy-le-Roi, the waste from Gaïa is excluded.

(7) The liquid discharges from the Douai site include those of the Industrial Supplier Park and all the impacts of the Delivery Dispatch Center.

(8) Water consumption at the Flins site includes that of the Spare Parts Distribution Center as well as the environmental impacts of Gaïa.

(9) Water consumption at the Palencia site includes that of the Industrial Supplier Park.

(10) Liquid discharges at the Dacia Automobile site include those of the Industrial Supplier Park.

(11) Water consumption and liquid discharges at the Sandouville site include those of the Industrial Supplier Park.

(12) 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).

(13) The total impacts for the previous year are provided for information and relate to the certified scope of the year in question.

(14) Liquid discharges from the Casablanca (Somaca) plant include those of an industrial complex, not operated by Renault, close to the site.

(15) From FY 2013, the waste indicators do not take into account waste from construction sites, including tonnage which are 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.

2.9.3.4 ENVIRONMENTAL INDICATORS FOR PRODUCTS

ENVIRONMENTAL CHARACTERISTICS FOR THE BEST-SELLING PASSENGER CARS IN EUROPE (EU 28) IN 2016

		BEST-SELLING VERSION IN 2016					LOWEST CO_2 EMITTING VERSION AT END-2016				
Model	Fuel	Emission standard	External Noise (DB)	Engine	Fuel Consumption NEDC (L)	CO_2 Emissions	Emission standard	External Noise (DB)	Engine	Consumption NEDC (L)	CO_2 Emissions
RENAULT BRAND											
Twingo III	G	Euro 6	71,9	Sce 70	5,0	112	Euro 6	71,4	Sce 70 S&S	4,2	95
ZOE	EV	NC	70,2	R240	NC	0	NC	70,2	R240	NC	0
	D	Euro 6	72,3	dCi 75	3,3	85	Euro 6	72,3	dCi 90 ECO2	3,2	82
Clio IV	G	Euro 6	72,3	1.2 16V 75	5,6	127	Euro 6	72,8	Energy Tce 90	4,2	94
	D	Euro 6	71,0	dCi 90 ECO2	3,6	95	Euro 6	71,0	dCi 90 ECO2	3,6	95
Captur	G	Euro 6	71,1	Energy Tce 90	5,1	113	Euro 6	71,5	Energy Tce 90	5,1	113
	D	Euro 6	73,3	Energy dCi	4,0	104	Euro 6	73,3	Energy dCi	4,0	104
Fluence	G	Euro 6	73,1	1,6 16v 110	6,7	151	Euro 6	70,2	1,6 16v 110	6,3	144
	D	Euro 6	72,0	Energy dCi 90	3,7	95	Euro 6	70,6	Energy dCi 110 ECO2	3,4	86
Megane IV	G	Euro 6	69,8	Energy Tce 130	5,3	119	Euro 6	69,8	Energy Tce 130	5,3	119
	D	Euro 6	72,5	Energy dCi 110	3,9	100	Euro 6	72,5	Energy dCi 110	3,9	100
Scenic IV	G	Euro 6	70,9	Energy Tce 130	5,8	129	Euro 6	70,9	Energy Tce 130	5,8	129
	D	Euro 6	72,9	Energy dCi 110 ECO2	3,8	99	Euro 6	72,9	Energy dCi 110 ECO2	3,8	99
Kadjar	G	Euro 6	73,3	Energy Tce 130	5,6	126	Euro 6	69,9	Energy Tce 130	5,5	123
	D	Euro 6	69,2	Energy dCi 130 EDC	4,5	118	Euro 6	70,6	Energy dCi 110	3,6	95
Talisman	G	Euro 6	68,0	Energy TCe 150 EDC	5,8	130	Euro 6	67,8	Energy TCe 150 EDC	5,6	127
	D	Euro 6	69,81	Energy dCi 160 EDC	4,6	120	Euro 6	70,3	Energy dCi 130	4,4	116
Espace V	G	Euro 6	70,1	Energy TCe 200 EDC	6,2	140	Euro 6	70,1	Energy TCe 200 EDC	6,2	140
	D	Euro 6	72,2	Energy dCi 90	4,3	112	Euro 6	72,2	Energy dCi 90	4,3	112
Kangoo II	G	Euro 6	71,1	Energy Tce 115	6,2	140	Euro 6	71,1	Energy Tce 115	6,2	140
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	73,8	Energy dCi 170	6,6	173
DACIA BRAND											
	D	Euro 6	74,7	dCi 90	3,8	98	Euro 6	73,8	dCi 75	3,5	90
	G	Euro 6	74,0	Sce 75	5,1	115	Euro 6	74,0	Tce 90	4,9	109
Sandero	LPG	Euro 6	74,0	Tce 90	6,2	98	Euro 6	74,0	Tce 90	6,2	98
	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
Logan	LPG	Euro 6	74,0	Tce 90	6,2	98	Euro 6	74,0	Tce 90	6,2	98
	D	Euro 6	75,0	dCi 90	4,4	115	Euro 6	74,5	dCi 90	4,4	115
Duster	G	Euro 6	73,8	Sce 115	6,4	145	Euro 6	73,8	Sce 115	6,4	130
	D	Euro 6	73,9	dCi 110	4,0	105	Euro 6	73,5	dCi 90	4,0	103
Lodgy	G	Euro 6	74,0	Sce 100	6,1	139	Euro 6	72,3	Tce 115	5,5	124
	D	Euro 6	73,2	dCi 90	4,2	108	Euro 6	73,2	dCi 75	4,0	105
Dokker	G	Euro 6	74,0	Sce 100	6,2	140	Euro 6	74,0	Tce 115	5,7	130

G : Gas
D : Diesel
NC : Non Concerned
EV : Electric Vehicle

2.9.4 Appendices concerning societal commitment ♦

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 four CSR policy priorities: human capital, environment, sustainable mobility, 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"/human capital;
- 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 four key focuses (human capital, environment, road safety, sustainable mobility) 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 information from the web-site which centralizes support requests submitted by charities (see chapter 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 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 corporate CSR department budget allocated to the programs relating to the four priorities;
- the portion of payroll costs associated with the implementation of the Foundation's and corporate department's CSR programs.

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)[1] 5, or 230 days;
- average annual cost = Payroll costs (see chapter 2.4.1.2)/Total workforce (see chapter 2.4.1.1);
- average daily rate applied = Average annual cost/number of days worked, or €197/day.

(1) (Source: http://stats.oecd.org).

♦ GRI [G4-20, G4-21, G4-23]

2.9.4.2 SUMMARY TABLE OF KEY SOCIETAL REPORTING FIGURES

NUMBER OF INITIATIVES BY PRIORITY THEME AND BY GEOGRAPHIC REGION

BREAKDOWN OF SOCIETAL INVESTMENTS BY PRIORITY THEME AND BY GEOGRAPHIC REGION (€)

		Region						
Theme	No. of actions	*Corporate*	Europe	Americas	Asia-Pacific	Eurasia	Africa Middle East, India	TOTAL
TOTAL	**417**	**3,809,780**	**3,721,544**	**871,507**	**99,643**	**977,409**	**449,128**	**9,929,010**
Human Capital	201	2,973,734	776,608	498,616	33,264	677,521	218,778	5,178,520
Road safety	72	192,760	205,540	204,120	788	210,002	166,850	980,060
Sustainable mobility	33	497,236	145,715	65,549	5,197	5,985	24,700	744,382
Environment	11	0	9,864	46,362	60,394	5,070	23,500	145,190
Other	100	146,050	2,583,818	56,860	0	78,830	15,300	2,880,859

2.9.4.3 BREAKDOWN OF PROGRAMS HAVING BENEFITED FROM SPONSORSHIP IN 2016 VIA THE RENAULT.COM WEB-SITE

Theme	Project	Objective	Support granted (in euros)
	Lens Vehicle Manufacturing School	Vehicle production schools are for young people (14-16 years) who have dropped out of school to make them qualified for the skills required in the areas of vehicle maintenance, give them a CAP maintenance degree and offer them job placement. An initial vehicle production school will be launched in Lens (Pas-de-Calais) so that disadvantaged young people can resume their studies.	25,000
	Cap Devant	The association has a Medical-Educational Clinic in Sèvres for the care of children, adolescents and adults with severe neuro-motor disabilities. The project aims to engage with the world outside the clinic so that the children it serves can build personal skills and have a social, cultural and sports life. The association has asked Renault to help finance the adaptation of a vehicle.	1,500
	Dunes d'Espoir	This association helps children and others with reduced mobility to play sports in mainstream environments through "total immersion" participation in running events for "valid" runners (marathons, trails, stage races). Disabled runners compete on all-terrain wheelchairs called joëlettes with the help of valid runners.	24,000
	Handicap Travail et Solidarité	This association tries to help adapted companies and vocational rehabilitation centers in their development by organizing a Handi-tudiant project challenge with French grandes écoles for workers with disabilities. This activity allows adapted companies and vocational rehabilitation centers to interact with company policy makers and helps to educate future decision-makers on what life is like for disabled people.	20,000
Human Capital	Collège Jean Moulin	Renault has been asked to lead conference workshops about issues pertaining to electric cars during a day organized by the Collège Jean-Moulin Education, Health and Citizenship Committee (CESC).	1 Day Man
	Restaurant du Cœur	This association helps and provides volunteer assistance to people in need of food through access to free meals and participation in their social and economic integration. The association lost many light commercial vehicles following an arson that occurred in the Nord-Lille platform. It is asking Renault for help to co-finance a vehicle so that it can resume delivery of supplies to its 85 activity centers and continue the distribution of meals to the homeless.	16,500
	Habitat et Humanisme	Habitat et Humanisme Ile-de-France has opened social housing to help young people who are working towards social and professional integration. It aims to improve their chances of employment by helping them obtain a driver license. It offers supportive and innovative assistance and offers young people learning opportunities, oversight and processes tailored to their situation to improve their chances of success.	5,000
	Les Enfants Animateurs de Sèvres/ Les Pains de la Liberté	The Les Enfants Animateurs de Sèvres association supports children of any age and origin in their school and leisure activities as they mature into adulthood in their community. It supports the Les Pains de la Liberté cooperative, which conducts workshops to make children who participate in the association aware of healthy eating habits, and uses handicrafts to help disadvantaged women enter the professional world.	12,000
	Des Machines et des Ailes	This association has developed an innovative concept for people with reduced mobility or physical or mental disabilities. It promotes universal access to support systems adaptable to all wheeled vehicles (boats, executive, sporting, competition, prototypes, etc.) and support for adapted sporting activities. Thanks to this concept, anyone with reduced mobility can play extreme sports and ask for support to compete in two-seater Kart races.	15,000
	Laurence Mathieu Foundation	This association offers low-income people without individual means to travel, who are unable to access public transport, adapted mobility services to help end their social isolation. This service connects volunteer drivers and beneficiaries through a center managed by the municipal governments and local social welfare centers (CCAS).	45,000
Sustainable mobility	Bouche et Cœur	The Bouche et Cœur association provides assistance to families in need by giving them food parcels. The association/food bank works in the Guyancourt area near the technocenter and needs mobility every day to collect the food needed to prepare the parcels.	15,000
Road safety	Yasa Morocco	Road safety project in Morocco offered by Renault Foundation students who are studying to become future safety professionals. The objectives of the association are to organize education sessions in schools to raise student awareness of road safety through special themes, improve the behavior of young road users and develop a road safety culture within the community of children under 14 in the region of Rabat, Salé, Kenitra in Morocco.	16,000

2.9.5 Grenelle II 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 by region, gender and age	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
	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
Employment	Payroll expenditure and trends	Employee profit-sharing	Group	2.4.3.2
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
Training	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
	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
Equal opportunities	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
		Ergonomic rating of workstations in manufacturing	Group	2.4.3.1
		Road accidents (on public roads) and breakdown of commuting accidents	Group	2.4.3.1
		Occupational health and safety management system certification	Group	2.4.3.1
	Occupational health and safety	Monitoring of the work environment policy	Group	2.4.3.1
	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
		Number of workplace accidents (F1)	Group	2.4.3.1
		Number of workplace accidents with lost time (F2)	Group	2.4.3.1
		Days of lost time due to workplace accidents (G)	Group	2.4.3.1
Health and safety	Workplace accidents (notably frequency and severity) and occupational illnesses	Occupational illness rate	Group	2.4.3.1

Industrial relations				
	Organization of social dialog, especially procedures on notification and consultation of employees and negotiations with employees	Global framework agreement on social, societal and environmental responsibility	Group	2.4.4.1 and 2.4.4.2
		Internal communications	Group	2.4.4.4
		No. of major agreements	Group	2.4.4.3
Industrial relations	Summary of collective agreements	Topics of major agreements	Group	2.4.4.1 and 2.4.4.3
Advancement of and compliance with the fundamental principles of the International Labor Organization in respect of 2.4.4.3				
	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
ENVIRONMENTAL DATA				
Overall environmental policy				
	Integrating environmental issues into the Company organization	Describing the way environmental issues are integrated into the Group organization	Group	2.6.2
		Manufacturing No. and % of ISO 14001-certified manufacturing sites % of manufacturing sites covered annually by environmental and risk prevention audits	Group	Manufacturing 2.6.2.2 2.6.2.2
	Environmental assessment and certification processes	**Vehicles** ECO2 label % of vehicles in the range that have had an LCA (as % of global sales)	Europe Group	Vehicles 2.3.3.4 2.6.2.1
	Information and training for employees on environmental protection	Presentation of the different types of environmental training sessions and awareness campaigns dedicated to employees	Group	2.6.2.2
	Resources dedicated to preventing environmental risks and pollution	**Human Resources (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	Group	2.6.2.2 2.6.2.3
Overall policy	Amount of provisions and guarantees for environmental risks	Amount of provisions	Group	Note 20 on provisions – 4.2.6.4
Pollution and waste management				
	Prevention, reduction and remediation of air, water and soil pollution with a severe environmental impact	**Manufacturing** VOC, NOx, SO2 emissions % of production capacity equipped with water-soluble painting facilities % of production capacity equipped with VOC incinerators Discharges of toxic metals, organic compounds, suspended particulate matter No. of powertrain sites recycling industrial effluents	Group	Manufacturing 2.6.3.5 and 2.9.3.3 2.6.3.5 2.9.2.3 2.6.3.4 2.6.3.4
		Manufacturing Quantity of waste generated by the plants in tons and in kg per vehicle produced Breakdown of waste by treatment type No. of sites with zero waste to landfill	France	Manufacturing 2.6.3.2 and 2.9.3.3 2.6.3.2 2.6.3.2
	Prevention, recycling and elimination of waste	**Vehicles** Number of end-of-life vehicles dismantled by the subsidiary INDRA and its network of approved dismantlers % of sales in countries where Renault helps to organize the collection of end-of-life vehicles (ELVs)	France Group	Vehicles 2.6.3.2 2.6.2.2
Pollution and waste management	Mitigation of noise and other types of pollution specific to an activity	**Vehicles** Reduction of noise generated by the manufacturing and use of vehicles Certified noise pollution levels for the top-selling versions of each model in the range in Europe	Europe	Vehicles 2.6.3.6 2.9.3.4

Sustainable resource use				
	Water consumption and water supply depending on local constraints	Water consumption (total m³ and m³/vehicle) Breakdown of consumption by source	Group	Manufacturing 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	Manufacturing 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	Vehicles 2.6.3.2 2.6.3.2
	Energy Consumption	**Manufacturing** Energy consumption (total and by site)	Group	Manufacturing 2.6.3.1 and 2.9.3.3
		Vehicles Fuel consumption by (1) the top-selling versions and (2) the most efficient versions of each model in the range in Europe	Europe	Vehicles 2.9.3.3
	Improving energy efficiency	**Manufacturing** Energy consumption per vehicle Improving energy efficiency on manufacturing sites	Group	Manufacturing 2.6.3.1 2.6.3.1
		Vehicles Actions to reduce consumption of internal combustion engine vehicles, increase sales of electric vehicles and provide on-board aids for eco-driving of vehicles and outcomes of these actions		Vehicles 2.6.3.1
	Renewable energy use	**Manufacturing** % of renewable energy (direct and indirect) in energy consumption of manufacturing sites	Group	Manufacturing 2.6.3.1
Sustainable resource use	Land use	Total surface area covered by manufacturing sites, of which impervious areas	Group	2.6.3.5
Climate change				
	Greenhouse gas emissions	**Manufacturing** Greenhouse gas (GHG) emissions, total and by site Direct and indirect GHG emissions Breakdown of GHG emissions by source type	Group	Manufacturing 2.6.3.1 and 2.9.3.3 2.6.3.1
		Vehicles Average CO_2 emissions of the passenger car range Certified emissions of (1) the top-selling versions and (2) the most efficient versions of each model in the range in Europe	Europe	Vehicles 2.6.3.1 2.9.3.4
Climate change	Climate change adaptation		Group	2.6.3.1
Protection of biodiversity				
Protection of biodiversity	Actions taken to increase biodiversity		Group	2.6.3.7
INFORMATION RELATING TO SOCIETAL COMMITMENTS PROMOTING SUSTAINABLE DEVELOPMENT				
	Regional development		Group	2.8.1
Local impact	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
	Partnerships and sponsorship initiatives		Group	2.1.6 and 2.8.1.2, 2.8.1.3
Sub-contractors and suppliers	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 and 2.8.1
	Anti-corruption action		Group	2.1.5 and 3.1.4
Fair practices	Measures taken in favor of consumer health and safety		Group	2.3.3.4, 2.7.1 and 2.7.2
Other actions implemented				

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[1].

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.

(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 environment.

2.9.6.1 RENAULT'S RATINGS IN 2016

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).

2016 Results: based on its responses to the CDP Climate Change questionnaire, which are available at www.cdproject.net, Groupe Renault was awarded an A rating, which qualifies it for inclusion in the "A-list" of companies considered by CDP as world leaders in the fight against climate change. On October 25, 2016, CDP gave a Climate Leadership Award to Groupe Renault in recognition of its actions to reduce greenhouse gas emissions.

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.

2016 Results: although not selected for the Dow Jones Sustainability World Index (DJSI World), Groupe Renault recorded a good performance, particularly for the environment, with a ranking above the average 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.

2016 results: Groupe Renault's ESG performance was once again recognized by the Prime status with an overall B- rating, placing the Group within the Top 3 global carmakers analyzed, as at March 9, 2017. Groupe Renault received a C+ rating in the "Social" field and a B in "Environment". For further information, please contact oekom research, 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.

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.

2016 results: Groupe Renault was once again awarded an overall AA ESG performance, and ranks 3rd out of the major automotive industry players, behind Tesla and BMW. 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, 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 20, 2017. Selection by the ETHIBEL Forum (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 22, 2017.
- 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 small-, mid- et large-cap US companies.

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 S.A. 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.

- 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 includes 3 ESG sub-indexes: the STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders indexes.

2.9.7 Report of the independent third party ♦

Year ended the 31st December 2016

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language 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 shareholders,

In our quality as an independent verifier accredited by the COFRAC[1], under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Renault, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st December 2016, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code *(Code de commerce)*.

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code *(Code de commerce)*, in accordance with the protocols used by the company. This latter is composed of the 2016 versions of the Environmental Reporting Protocol for Renault Facilities *(Protocole de Reporting Environnement Etablissements Renault)*, the Calculation procedure for accident rate indicators *(Méthodes de calcul des indicateurs d'accidentalité)*, the reporting instructions for HR indicators and the Carbon Footprint calculation procedure (hereafter referred to as the "Criteria"), and of which a summary is included in chapter "2.9.3 Appendices Concerning The Environment" and in the methodological notes from chapter "2.4 Human Capital: Committed To Sustainable Growth" of the management report and available on request at Plan Environment, Human Resources and Corporate Social Responsibility Directions of the Company.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code *(Code de commerce)*. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code *(Code de commerce)* (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;
- To express, at the request of the company[2] , a reasonable assurance conclusion that the information selected by the company and presented at line "Group total 2016" of the "Site Environmental Indicators in 2016" table in chapter 2.9.3.3 of the management report (hereafter referred to as "Selected Environmental Information"), has been established, in all material aspects, in accordance with the Criteria.

Our verification work mobilized the skills of seven people between July 2016 and March 2017 for an estimated duration of twelve weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[3].

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code *(Code de commerce)*.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code *(Code de commerce)*.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code *(Code de commerce)* with the limitations specified in the chapter "2.9.3 Appendices Concerning The Environment", the Methodological Note in chapter "2.4 Human Capital: Committed To Sustainable Growth", and in the chapter "2.1.7 Reporting Scope and Guidelines" of the management report.

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook approximately thirty interviews with forty people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;

(1) Scope available at www.cofrac.fr
(2) Data checked for reasonable assurance presented on the line "Total Group 2016" in the table "Environmental Indicators for Sites 2016" in section 2.9.3.3.
(3) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.
♦ *GRI [G4-32, G4-33]*

- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[4]:

- At the level of the consolidated entity and the controlled entities, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities and sites that we selected[5] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 62 % of the total workforce, 21 % of Health and Safety indicators and between 44% and 79 % of the quantitative environmental information, that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

3. Reasonable assurance on a selection of CSR Information

Nature and scope of work

Regarding the Selected Environmental Information we undertook work of the same nature as those described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected represents between 44 % and 79 % of the Selected Environmental Information

We consider that this work allows us to express a reasonable assurance opinion on this information.

Conclusion

In our opinion, the Selected Environmental Information by the company has been established, in all material aspects, in compliance with the Criteria.

Paris-La Défense, the 21st March 2017

Independent Verifier

ERNST & YOUNG et Associés

(4) ***Social and societal information:***
- Social quantitative information: headcounts and their split (age, sex, region), recruitments, lay off, absenteeism rate, frequency rate without lost days (F1 rate) and with lost days (F2 rate), gravity rate (G rate), professional diseases, training hours number, number of employees trained during the year, number of managers trained, handicapped employment rate, number of collective agreements signed.
- Quality information: Polluting emissions of thermal vehicles (2.6.3.4), recruitments (2.4.1.1 The workforce breakdown and trends), skills management (2.4.1.4 Dynamic skills management), design vehicles that are recyclable and material efficient (2.6.3.2 Resources and the circular economy), CSR and the Supply Chain (2.3.2)
Environmental information:
- Industrial sites quantitative environmental information: water consumption, energy consumption, emissions into water (Suspended solid, CDO, METOX), industrial hazardous and non-hazardous waste, GHG direct and indirect emissions, SO2, NOx and VOC emissions.
- Quantitative environmental information of the retail network (Renault Retail Group perimeter): waste, energy consumption, GHG emissions, VOC emissions, water consumption
- Other quantitative environmental information: Group carbon footprint (including CO2 emissions associated to the use of vehicles during the year and CO2 emissions associated to the production of the raw materials consumed by the Group).

(5) *Regarding industrial sites quantitative information, we have selected: Casablanca (Morocco), Flins (France), Maubeuge (France), Moscow (Russia), Palencia (Spain), Sandouville (France), Le Mans (France), Ruitz (France), Seville (Spain), Guyancourt (France), Titu (Romania), Dacia (Romania), Curitiba (Brazil), Bursa (Turkey).*
Regarding retail network quantitative environmental information, we have selected: Loire Valley area (Orleans and Le Mans car dealerships), Lyon area (Lyon East and Lyon South car dealerships) and the United Kingdom (Enfield and London West car dealerships).
Regarding quantitative health and safety information, we have selected: Curitiba (Brazil), Titu (Romania), Dacia (Romania), Ruitz (France), Le Mans (France), Moscow (Russia) and Maubeuge (France).
Regarding quantitative social information linked to absenteeism, training, handicap, and collective agreements, we have selected: France, Morocco, Romania, and Brazil.
Regarding quantitative social information linked to absenteeism, training, handicap, and collective agreements of the retail network we have selected: Rennes and Le Mans car dealerships.

Renault Koleos II (Hzg) - Phase 1 - Initial Paris Version

19 directors with a range of key skills serving Renault

Corporate governance

03

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

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, this section on corporate governance incorporates the report of the Chairman of the Board of Directors on (i) the composition of the Board of Directors and the application of the principle of balanced representation of women and men, (ii) the conditions for the preparation and organization of the work of the Board, and (iii) the internal control and risk management procedures in place within the Company.

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the Company states that it voluntarily refers to the Afep/Medef Corporate Governance Code of listed companies, in particular for the preparation of this report. A table presents the recommendation of the said code that has been waived (see table, section 3.1.1.7).

The Afep/Medef Code is available for consultation at the Company's registered office.

This report was prepared under the responsibility of the Chairman of the Board of Directors based on the work carried out as part of a multidisciplinary working group composed of representatives of the Finance department, the Audit, Risk Control and Organization department and the Group's Legal department.

The report was approved by the Board of Directors during its meeting held on February 9, 2017.

3.1 Report of the Chairman of the Board ♦

3.1.1 Composition, preparation methods and work of the Board of Directors ♦

This chapter describes the management and administration method used by the Company, which is publicly listed, and the parent company of Groupe Renault. This management and administrative method also applies to Renault s.a.s., company subsidiary and the lead holding company for the Groupe Renault's automotive and financial businesses.

The operating principles and missions of the Board are described in the internal rules of the Board of Directors, which are available in their entirety on Groupe Renault web site. The main extracts from the internal rules are presented below.

3.1.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

The members of the Board of Directors are appointed by the General Meeting of shareholders, with the exception of the directors appointed by the French State and the directors representing employees.

Internal rules of the Board of Directors regarding its composition

Through its composition, the Renault Board of Directors seeks balanced representation, competence and ethical behavior of its members. For this purpose, it considers the following points when examining candidates for membership:

- composition of and changes in the share ownership pattern;
- independence;
- balanced representation of men and women;
- diversity of backgrounds and skills, their complementarity and relevance with regard to the strategy and development of Renault;
- diversity of nationalities;
- knowledge of the markets in which Renault operates or seeks to establish its presence.

Each candidate profile is assessed with respect to the foregoing criteria.

Internal rules of the Board of Directors on the process for the selection of directors

The candidates are then interviewed by the Appointments and Governance Committee. Following these interviews, the Appointments and Governance Committee makes recommendations to the Board of Directors.

The Board of Directors discusses the candidatures proposed by the committee and votes to determine which of them will be submitted to the Shareholders' General Meeting.

After this, the composition of the Board of Directors is:

- reviewed as part of the annual assessment of the Board's organization and operation. Whenever it considers it necessary and at least every three years, the Board of Directors conducts a formal assessment;
- described in the Report of the Chairman on the composition of the Board of Directors and on the application of the principle of balanced representation of men and women, the manner in which the Board's proceedings are prepared and organized, and the internal control and risk management procedures implemented by the Company.

♦ *GRI [G4-34, G4-LA12]*

COMPOSITION OF THE BOARD OF DIRECTORS IN DECEMBER 2016

The Company is administered by a Board of Directors comprised of **19 members** including:

14 DIRECTORS appointed by the Shareholders' General Meeting, of whom
- **2** directors appointed upon proposal of Nissan and
- **1** director appointed upon proposal of the employee shareholders;

2 DIRECTORS appointed by order, as representatives of the French State;

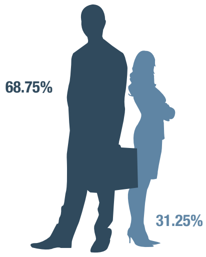
3 DIRECTORS elected by employees.

INDEPENDENT DIRECTOR RATIO(1)

66.7% INDEPENDENT DIRECTORS

33.3% NON-INDEPENDENT DIRECTORS

GENDER BALANCE ON THE BOARD OF DIRECTORS(2)



DIVERSITY

6

OUT OF 19 DIRECTORS ARE NON-FRENCH

PASCALE SOURISSE
Independent Director

PATRICK THOMAS
Independent Director

MARC LADREIT DE LACHARRIÈRE
Independent Director

DOMINIQUE DE LA GARANDERIE
Independent Director

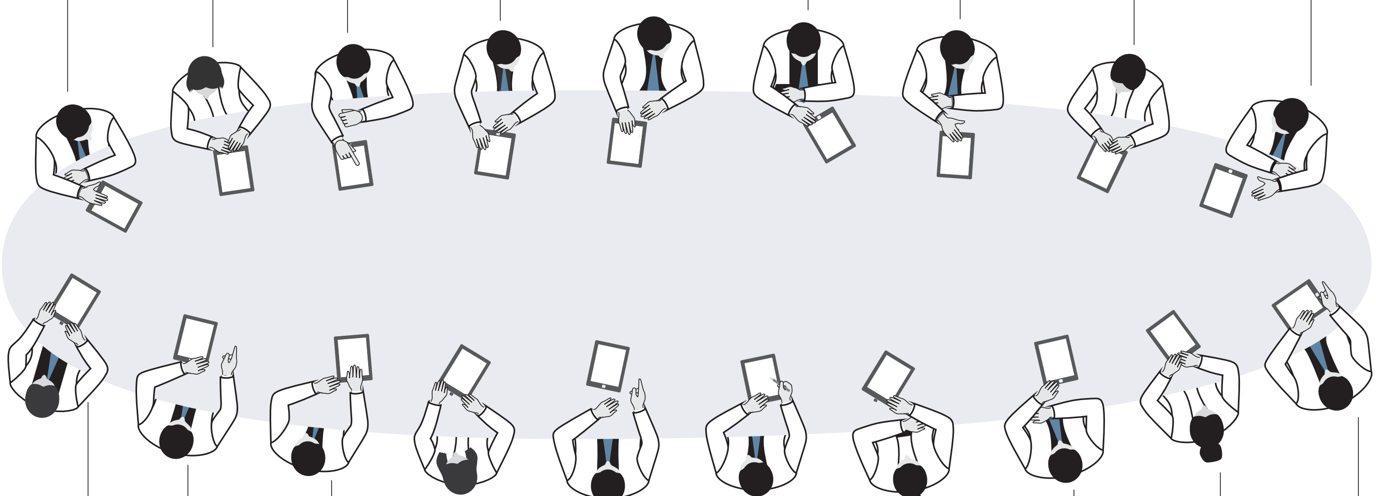
HIROTO SAIKAWA(3)*
Director elected upon proposal of Nissan

FRANCK RIBOUD
Independent Director

CARLOS GHOSN*
Chairman of the Board of Directors

ALAIN J.P. BELDA*
Independent Director

MARTIN VIAL
Director appointed by the French State



FRÉDÉRIC BARRAT
Director elected by employees

RICHARD GENTIL
Director elected by employees

PHILIPPE LAGAYETTE
Independent Director and Lead Independent Director

OLIVIA QIU*
Independent Director

YU SERIZAWA (4)*
Director appointed upon proposal of Nissan

PASCAL FAURE
Director appointed by the French State

CHERIE BLAIR*
Independent Director

ÉRIC PERSONNE
Director elected by employees

THIERRY DESMAREST
Independent Director

BENOÎT OSTERTAG
Director elected upon proposal of the employee shareholders

* *Director with foreign nationality*

COMPOSITION OF THE BOARD IN DECEMBER 2016

	FRÉDÉRIC BARRAT	ALAIN J-P BELDA	THIERRY DESMAREST	PASCAL FAURE	DOMINIQUE DE LA GARANDERIE	RICHARD GENTIL	MARC LADREIT DE LACHARRIÈRE	PHILIPPE LAGAYETTE	BENOÎT OSTERTAG	ERIC PERSONNE	HIROTO SAIKAWA	PASCALE SOURISSE	PATRICK THOMAS	MARTIN VIAL
APPOINTMENTS AND GOVERNANCE COMMITTEE		✱			✱		✪	✱						✱
COMPENSATION COMMITTEE		✱	✱				✱			✱			✪	
MEMBER OF THE AUDIT, RISK AND ETHICS COMMITTEE					✱			✪	✱			✱	✱	✱
INTERNATIONAL AND INDUSTRIAL STRATEGY COMMITTEE	✱	✱	✪	✱		✱			✱	✱	✱			

✱ *Member* ✪ *Chair*

(1) In accordance with the recommendations of the Afep/Medef Code, excluding directors representing employees and director representing employee shareholders.
(2) Pursuant to legal provisions, excluding directors representing employees.
(3) Mr. Saikawa resigned from his position as a director on December 12, 2016.
(4) Mrs. Serizawa was coopted as a director by the Board of Directors at its meeting held on December 12, 2016, following the resignation of Ms. Koike.

The number of Board members is linked on one hand to the desire to have a majority of Independent Directors, and on the other hand to the significant number of directors elected or appointed directly pursuant to laws, the by-laws or the agreements with Nissan.

The composition of the Board aims at finding a balance between experience, skills, independence and ethical approach, while respecting the principle of balanced women/men representation and with a level of diversity that reflects Groupe Renault's international presence. Thus, the Board is composed of:

- five women: Ms. Blair, Ms. Qiu, Ms. de La Garanderie, Mrs. Serizawa (whose cooptation was decided by the Board of Directors at its meeting of December 12, 2016 and will be subject to ratification by the General Meeting of June 15, 2017) and Ms. Sourisse. Women directors have sat on Renault's Board continually since 2003. The Company takes into account Law No. 2011-103 of January 27, 2011 on the balanced representation of women and men on Boards of Directors and Supervisory Boards, and on professional equality. The Board will continue to apply its policy to promote female directorships, aiming to have at least 40% female members by 2017, in accordance with the law and the recommendations of the Afep/Medef Code. New female candidates will thus be proposed for terms as directors at the General Meeting of June 15, 2017 (see the biographies in section 3.1.1.2);
- a number of directors of foreign nationality (American, British, Brazilian, Japanese and Chinese), who represent 31.6% of the members of the Board;
- three directors representing employees; and
- one director representing employee shareholders.

Directors are selected based on the criteria mentioned above and, in particular, on the basis of their experience and skills (notably, managing large international groups, knowledge of specific aspects of Groupe Renault's business, knowledge of the markets in which the Company is established, financial knowledge).

The directors representing employees elected internally by employees in November 2016, Richard Gentil, Éric Personne and Frédéric Barrat, as well as the director representing employee shareholders, Benoît Ostertag, continued their training cycle in 2016. In particular, they undertook internal training provided by Groupe Renault's employees and training by external organizations. These training courses contribute to enabling them to rapidly acquire the specific skills required to fully perform their roles and missions as corporate directors. Mr. Barrat received training upon his appointment in order to integrate the Board. In addition, their professional careers and their labor union activities within Groupe Renault give them a good understanding of the Group's organization and operations (see the biographies in section 3.1.1.2). It should be noted that the arrangements for these training courses have been compliant, for several years, with the provisions of decree number 2015-606 of June 3, 2015 on the training of directors representing employees.

Finally, apart from the directors elected upon proposal of Nissan and directors appointed by the French State, there are no agreements with significant shareholders, customers, suppliers or others according to which one of these persons or one of their representatives was selected as a member of a Board of Directors or Senior Management of the Company.

During 2016, the composition of the Board changed as follows:

- Ms. Olivia Qiu was appointed as director at the General Meeting of April 29, 2016 for a period of four years, replacing Mr. Jean-Pierre Garnier;
- the term of Mr. Thierry Desmarest was renewed at the General Meeting on April 29, 2016;
- Mr. Frédéric Barrat was appointed as director representing employees to replace Mariette Rih and the terms of Mr. Richard Gentil and Mr. Eric Personne's office were renewed as a result of the organization, in November 2016, of elections of the directors representing employees;
- Mrs. Yu Serizawa was coopted as director upon proposal of Nissan at the Board of Directors meeting on December 12, 2016 to replace Ms. Koike, who resigned.

Following elections held within Groupe Renault between January 2 and 12, 2017, Mr. Julien Thollot and Mr. Benoit Ostertag obtained more than 5% of the favorable votes. As such, and persuant to the internal rule for elections, two resolutions will be submitted to the General Meeting of June 15, 2017 in order to appoint the director representing employee shareholders for a period of four years, it being specified that, in the event of a tie, the term of office of Benoît Ostertag, the eldest candidate, would be renewed.

Finally, at the Board of Directors meeting of February 9, 2017, Mr. Yasuhiro Yamauchi, Chief Competitivity Officer of Nissan Motor Co. Ltd., was appointed as a new director upon proposal of Nissan to replace Hiroto Saikawa, who resigned.

The term of office of the directors is four years. In accordance with the recommendations of the Afep/Medef Code, the expiration of these terms are staggered in order to avoid a large number of renewals at once.

EXPIRATION OF THE TERMS OF BOARD MEMBERS

Year of expiry	Expiry of the term of	Method of appointment	Date of first appointment
	Ms de La Garanderie*	Director elected by the Annual General Meeting	February 2003
	Mr Belda*	Director elected by the Annual General Meeting	May 2009
	Mrs Serizawa	Director elected by the Annual General Meeting on the proposal of Nissan	December 2016
2017	Mr Ostertag	Director elected by the Annual General Meeting on the proposal of employee shareholders	May 2011
	Ms Sourisse*	Director elected by the Annual General Meeting	April 2010
	Mr Thomas*	Director elected by the Annual General Meeting	April 2014
	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
	Mr Riboud*	Director elected by the Annual General Meeting	December 2000
2018	Mr Yamauchi	Director elected by the Annual General Meeting on the proposal of Nissan	February 2017
	Ms Blair*	Director elected by the Annual General Meeting	April 2015
2019	Mr Lagayette*	Director elected by the Annual General Meeting	May 2007
	Mr Barrat	Director elected by employees	November 2016
	Mr Desmarest*	Director elected by the Annual General Meeting	April 2008
	Mr Gentil	Director elected by employees	November 2012
	Mr Personne	Director elected by employees	November 2012
2020	Ms Qiu*	Director elected by the Annual General Meeting	April 2016

* *Independent Director.*

3.1.1.2 LIST OF OFFICES OR FUNCTIONS OF THE DIRECTORS

DIRECTORS IN DECEMBER, 2016

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. 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. 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.

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)

Until March 31, 2017 Chairman and Chief Executive Officer of Nissan Motor Co., Ltd (Japan)

Since April 2017, Chairman of the Board of Directors of Nissan Motor Co., Ltd. (Japan)

Since October 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 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	Deadline Term expired
None	

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: 159

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

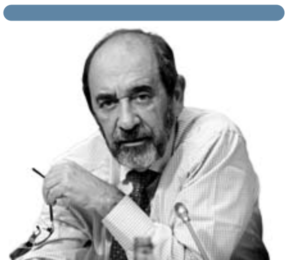
Non-listed companies:

None

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	



ALAIN J.P. BELDA

Independent Director

Birth date: 06/23/1943

Nationality: American

Date of first appointment: May 2009

Start date of current term of office: April 2013

Current term expires: 2017 AGM

Number of registered shares held: 1,000

Member of the Compensation Committee

Member of the Appointments and Governance Committee

Member of the International and Industrial Strategy Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Based in São Paulo, Alain J.P. Belda joined Warburg Pincus in 2009. He leads the Group's investment decisions in Latin America and provides strategic advice for the Group's entire portfolio. Mr. Belda is also a member of the executive management of Warburg Pincus. He retired from Alcoa in 2008, after having served as President and Chief Executive Officer from 1999 and as Chairman of the Board of Directors from 2001. Mr. Belda spent 40 years of his career at Alcoa, having first joined the organization's Brazilian affiliate, Alcoa Aluminio in 1969.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Director of Chubb (USA)

Non-listed companies:

Special limited partner of Warburg Pincus (USA)

Director of Oméga Energia Renovavel SA (Brazil)

Director of Banco Indusval & Partners (Brazil)

Director of GPS Serviços (Brazil)

Director of Pet Center Marginal (Brazil)

Director of Camil Alimentos (Brazil)

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director of Citibank	2012
Member of the Business Council	2015
Director of Restoque (Brazil)	2016
Director of IBM (USA)	2016

CHERIE BLAIR

Independent Director

Birth date: 09/23/1954

Nationality: English

Date of first appointment: April 2015

Current term expires: 2019 AGM

Number of registered shares held: 100

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, and is the wife of former British Prime Minister Tony Blair.

Through her role as Founder and Chair of Omnia Strategy LLP, Ms. Blair currently advises both governments and international corporations on how to improve and sustain 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 global group of leaders, "to create a future where the purpose of business is to be a driving force for social, environmental and economic benefit".

Ms. 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

Non-listed companies:

Founder and Chair, Omnia Strategy LLP, London (England)

Other legal entities:

Founder and Chairwoman, Cherie Blair Foundation for Women

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
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

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:

Independent Director and Lead Director of Air Liquide (France)

Non-listed companies:

None

Other legal entities:

President of the Total Foundation

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director of the Musée du Louvre	2014
Director of the École Polytechnique	2014
Chairman of Fondation de l'École Polytechnique	2014
Honorary Chairman of Total SA	2014
Director of Sanofi	2014
Director of Bombardier Inc.	2014
Chairman of the Board of Directors of Total SA	2015

PASCAL FAURE

Director appointed by the French State

Birth date: 02/01/1963

Nationality: French

Date of first appointment: February 2013

Start date of current term of office: February 2013

Current term expires: N/A

Number of registered shares held: N/A

Member of the International and Industrial Strategy Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born on February 1, 1963 in Nice (Alpes-Maritimes), 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 as 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 (CGEIET).

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 a Knight of the French Legion of Honor *(Chevalier 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:

Director (representing the French State) of ALSTOM

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

Director representing the French State at Bpifrance Investissement

Other legal entities:

Member of the committee of the Atomic Energy

Director representing the French State at Mines Paris Tech

Director representing the French State at the French Agency for Research

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director representing the French State at Française des Jeux	2013
Director representing the French State at France Télécom	2013

DOMINIQUE DE LA GARANDERIE

Independent Director

Birth date: 07/11/1943

Nationality: French

Date of first appointment: February 2003

Start date of current term of office: April 2013

Current term expires: 2017 AGM

Number of registered shares held: 1,150

Member of the Appointments and Governance Committee
Member of the Audit, Risk and Ethics Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Dominique de La Garanderie is founder and partner of the law firm La Garanderie & Associés which is specialized in labor law, corporate governance and corporate social responsibility.

She was the first woman to become Chair of the French Bar Association (Bâtonnier de l'Ordre des Avocats) (1998-2000).

She served as the Vice-Chair of the OECD group on the development of corporate governance principles (2005-2006).

She has also served as a member of the *Commission Nationale Consultative des Droits de l'Homme* (National Advisory Commission on Human Rights).

She 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).

Ms. de La Garanderie is currently a member of the Haut Comité pour le Gouvernement d'Entreprise (Afep/Medef).

She is also a member of the Medef Committee and Chairwoman of the Ethics Committee of the Le Monde Group.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

None

Non-listed companies:

None

Other legal entities:

Member of the High Council of Transparency International France

Dean of the Economics division of the École Nationale de la Magistrature.

Honorary Chair and founder of the Association Française des Femmes Juristes (AFFJ – French Women Lawyers' Association).

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director of Holcim France Benelux	2012

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. Holder of an electro-technical and electro-mechanical vocational certificates (BEP and CAP) and of a Baccalauréat 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	Deadline Term expired
None	

3

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

Marc Ladreit de Lacharrière studied economics in Paris, after which he 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.

Mr. Ladreit de Lacharrière has been a Director of Renault since 2002.

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 to Gérald 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, amongst other things, is responsible for completing the Louvre museum 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 Agence France Museums (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)

Honorary Chairman of the French National Committee of Foreign Trade Advisors *(Comité National des Conseillers du Commerce Extérieur de la France)*

Chairman of the *Fondation Culture et Diversité*

Member of general interest associations: *Conseil artistique des Musées Nationaux*

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Chairman of the Board of Directors of Fitch Ratings (USA)	2012
Director of the L'Oréal Foundation	2012
Director of the Musée des Arts Décoratifs	2013
Chairman of the Abbaye de Lubilhac endowment fund	2013
Director of the Fondation Bettencourt Schueller	2013
Director of L'Oréal	2014
Director of the Casino group	2016
Director of the Fondation Nationale des Sciences Politiques	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: 1,000

Lead Independent Director
Chairman of the Audit, Risk and Ethics Committee
Member of the Appointments and Governance 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 up JP Morgan's activities in France from 1998 to August 2008 and then held the position of Vice-Chairman for the EMEA Region until January 2010.

He was a Senior Advisor for Barclays in France from 2011 to 2016 and Director of Kering (formerly PPR) (France) from 1999 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

Chairman of the Fondation de Coopération Scientifique for Alzheimer's research

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	

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: April 2013

Current term expires: 2017 AGM

Number of registered shares held: 101 shares in an FCPE mutual fund

Member of the Audit, Risk and Ethics Committee
Member of the International and Industrial Strategy Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of the Ecole Centrale de Paris, Benoit Ostertag started his engineering career at Renault in 1990.

He 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 extensive knowledge of Renault, both in France and internationally.

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	Deadline Term expired
None	

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 International and Industrial Strategy Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After starting his career as a photographer, Éric Personne became in 1988 a Renault employee 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	Deadline Term expired
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

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. 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.

As from 1987, Olivia Qiu was an engineer responsible for military radars 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.

As from 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.

Ms. Olivia Qiu was Chief Executive Officer in charge of "Strategic Industries" at Alcatel-Lucent until 2013.

Ms. Olivia Qiu has been a Board Director of Saint-Gobain since June 2011.

Ms. Olivia Qiu 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	Current term expires
Director and Chief Executive Officer of Alcatel-Lucent Shanghai Bell (China)	2013
Vice-Chairwoman of the Board of Directors of Alcatel-Lucent Qingdao Telecommunications (China)	2013
Chairwoman of the Board of Directors of the following companies (China): Alcatel-Lucent Shanghai Bell Enterprise Communications Co. Ltd, Alcatel-Lucent Sichuan Bell Communication System Co. Ltd., Lucent Technologies Qingdao Telecommunications Enterprise Co. Ltd., Lucent Technologies Information and Communications of Shanghai Ltd.	2013

FRANCK RIBOUD

Independent Director

Birth date: 11/07/1955

Nationality: French

Date of first appointment: December 2000

Start date of current term of office: April 2014

Current term expires: 2018 AGM

Number of registered shares held: 331

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Franck Riboud is a graduate of the École Polytechnique Fédérale de Lausanne (EPFL). He joined in 1981 the Danone group (formerly BSN) where he held until 1989 several positions in Management, Control, Marketing and Sales. After serving as Sales Director for Heudebert, he was appointed in september 1989 Head of department for the integration and development of new companies of the Biscuits division. He was involved in the largest takeover by a French group in the United States: the takeover of Nabisco's European business by BSN. In July 1990 he was appointed Chief Executive Officer of the *Eaux Minérales d'Évian*. Franck Riboud took on the role of Director of Business Development for Danone in 1992. Danone then launched its internationalization project with increased development in Asia and Latin America and created an Export department. Mr. Riboud was Chairman and Chief Executive Officer of Danone from May 2, 1996 to September 30, 2014. Following the separation of the functions of Chairman and Chief Executive Officer, he was appointed Chairman of Danone's Board of Directors on October 1, 2014.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Chairman of the Board of Directors and Chairman of the Strategic Committee of Danone SA (France)

Non-listed companies:

Director of Bagley Latinoamerica SA (Spain)

Chairman of the Board of Directors of Danone Communities (mutual fund – SICAV) (France)

Director of Rolex SA (Switzerland)

Director of Rolex Holding SA (Switzerland)

Member of the Steering Committee of the Livelihoods Fund (mutual fund – SICAV) (France)

Chairman and Director of the Livelihoods Fund for Family

Director of Quiksilver (US)

Other legal entities:

Chairman of the Steering Committee of Fonds Danone pour l'Écosystème

Member of the Supervisory Board of the Fondation ELA

Member of the Board of the Fondation EPFL Plus

Honorary Member of the Association ELA

Director of RAISE (endowment fund)

Chairman of the Fondation Initiative Autisme

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director and member of the Compensation Committee of Accor SA	2012
Director of Lacoste SA	2012
Director of Omnium Nord Africain (ONA)	2012
Director of the French national agri-foods industry association *(Association Nationale des Industries Agroalimentaires)*	2013
Chief Executive Officer and Chairman of the Executive Committee of Danone SA	2014
Director of Danone SA (Spain)	2015

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HIROTO SAIKAWA

Director elected upon proposal of Nissan

Birth date: 11/14/1953

Nationality: Japanese

Date of first appointment: December 2006

Start date of current term of office: April 2014

Current term expires: December 12, 2016

Number of registered shares held: 100

Member of the International and Industrial Strategy Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Hiroto Saikawa was born on November 14, 1953. After graduating from the University of Tokyo with a degree in economics, he joined Nissan Motor Co., Ltd. in 1977. In 1999, he assumed the position of General Manager of the Purchasing Strategy department of Nissan Europe N.V. He became Executive General Manager of the Renault-Nissan Purchasing Organization in 2001, and took up the post of Senior Vice-President of Nissan Motor Co., Ltd. in 2003. He was promoted to Vice-President Executive in April 2005, and joined the Board of Directors in June of the same year. In June 2011, he was appointed Representative Director. In addition, he was named Chief Competitive Officer in April 2013 and assumed the position of Vice-Chairman in June 2015.

Since November 2016, Mr. Saikawa was named Co-Chairman and Chief Executive Officer of Nissan Motor Co., Ltd.

Mr. Hiroto Saïkawa has been appointed Chief Executive Officer of Nissan Motor Co., Ltd with effect as from April 1, 2017

Mr. Saikawa resigned from his position as Director of Renault on December 12, 2016.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Director and Chairman and Chief Executive Officer of Nissan Motor Co., Ltd. (Japan)

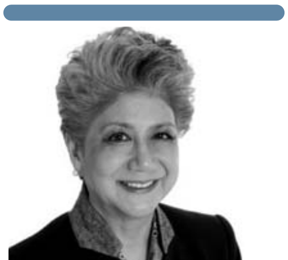
Non-listed companies:

Director of Dongfeng Motor Co., Ltd. (China)

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Chief Competitive Officer and Vice-Chairman of Nissan Motor Co Ltd (Japan)	2017



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: 2017 AGM

Number of registered shares held: 100

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After a short career at Crédit Lyonnais (Tokyo Branch and Paris head office), Mrs. Serizawa was involved in the creation of InfoPlus Incorporated in 1985, and then founded Forma Corporation in 1992.

Mrs. Serizawa was Senior Advisor for Japan to the World Economic Forum until 2004.

Since 2000, she is Senior Advisor to the President of Mori Building Company Limited.

Mrs. Serizawa was coopted by the Board of Directors at its meeting on December 12, 2016, following the resignation of Ms. Koike. Her appointment will be submitted to the General Meeting of June 15, 2017 for ratification.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

None

Non-listed companies:

Chairwoman and Chief Executive Officer of Forma Corporation (Japan)

Advisor to the President of Mori Building Company, Limited (Japan)

Other legal entities:

Chief Executive Officer for International Affairs, Science and Technology in Society Forum (non-profit organization, Japan)

Director of the Japanese Committee of Honour, Royal Academy of Arts (UK)

Auditor for Daisen-In Temple, Daitokuji (Kyoto, Japan)

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
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, Risk 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.

In February 2013, Pascale Sourisse was appointed as the Senior Executive Vice-President of International Development for the Thales group. She is also the Chairwoman of Thales International.

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)

Director Chairwoman of the Audit and Ethics Committee and Chair of the End-of-Lifecycle Obligations Monitoring Committee for Areva SA (France)

Non-listed companies:

Chairwoman of Thales International SAS (France)

Chairwoman of Thales Europe SAS (France)

Permanent representative of Thales in her capacity of Director of ODAS (France)

Member of the ODAS Compensation Committee (France)

Other legal entities:

Président of *Conseil d'École de Télécom* Paris Tech (France)

Director of the *Agence Nationale des Fréquences* (France)

Member of the National Academy of Technology (France)

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Chairwoman-Chief Executive Officer of Thales Communications & Security SAS (France)	2012
Chairwoman of Thales Services SAS (France)	2012
Member of the Supervisory Board of Thales Alenia Space SAS (France)	2012
Member of the Board of GIFAS (France)	2012
Member of the Board of Directors of DCNS (France)	2012
Chairwoman of Thales Canada Inc. (Canada)	2013
Director of Thales UK Ltd (United Kingdom)	2013
Director of Thales Electronics Ltd (United Kingdom)	2013
Member of the Supervisory Board of Thales Nederland BV (Netherlands)	2013
Director of Thales USA Inc. (USA)	2013
Director of Australian Defence Industries Pty Ltd (Australia)	2013
Director of Thales Australia Holdings Pty Ltd (Australia)	2013
Director of Thales Underwater Systems Pty Ltd (Australia)	2013
Director of Thales Training & Simulation Pty Ltd (Australia)	2013
Director of ATM Pty Ltd (Australia)	2013
Director of Australia Corporate Finance Pty Ltd (Australia)	2013
Director of Australia Finance Pty Ltd (Australia)	2013
Permanent representative of Thales in her capacity of Director of SOFRESA (France)	2015
Director of the Agence Nationale de la Recherche (France)	2016

Ms. Sourisse has held numerous corporate offices with subsidiaries of Australian Defence Industries. In the interests of clarity and legibility, all of these offices are not listed here.

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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, Risk and Ethics Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Patrick Thomas is a graduate of the École Supérieure de Commerce de Paris (ESCP).

From 1997 to 2000 he chaired the Lancaster group, 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 as 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:

Member of the Supervisory Board of Laurent Perrier (France)

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 Ardian Holding (France)

Chairman of the Compensation Committee of Ardian Holding (France)

Member of the Supervisory Board of Massilly Holding (France)

Manager of SCI Les Choseaux (France)

Offices within the Hermès group:

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	Deadline Term expired
Director of Lacoste (France)	2012
Vice-Chairman of the Supervisory Board and Member of the Supervisory Board of Gaulme (France)	2012
Manager of Hermès International	2014

Mr. Thomas has held numerous corporate offices within the Hermès group's subsidiaries. In the interests of clarity and legibility, all of these offices are not listed here.

MARTIN VIAL

Director appointed by the French State

Birth date: 02/08/1954

Nationality: French

Date of first appointment: September 2015

Current term expires: N/A

Number of registered shares held: N/A

Member of the Audit, Risk and Ethics Committee
Member of the Appointments and Governance Committee

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate of the École supérieure des sciences économiques et commerciales (ESSEC) and the École Nationale Supérieure des Postes et Télécommunications, Martin Vial, 63 years old, 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 shaff 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 the 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.

Commissioner for the French State Holdings (Commissaire aux Participations de l'État) since August 2015, Martin Vial is currently a Director of Thales, Bpifrance, EDF and Renault.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Director of Thales (France)

Director of EDF (France)

Non-listed companies:

Director of Bpifrance SA (France)

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Director of Homair vacances	2014
Director of Business Solutions Capital	2014
Director of Europ Assistance South Africa, Germany, China, Spain, Italy, Portugal	2014
Chairman of Europ Assistance Brazil, Belgium, France, UK, USA	2014
Chairman of CSA	2014

The business address of all directors in the context of their duties is that of the Company's registred office (see section 5.1.1.1).

NISSAN DIRECTORS WHOSE APPOINTMENT IS SUBJECT TO RATIFICATION BY THE GENERAL MEETING

- Ms. Yu Serizawa: the Board of Directors, at its meeting held on December 12, 2016, coopted Mrs. Serizawa as director upon proposal of Nissan. This cooptation follows the resignation of Ms. Koike, for the remaining duration of her term of office, *i.e.* until the General Meeting of June 15, 2017. It will be proposed to the General Meeting to ratify this cooptation and renew the term of office of Mrs. Serizawa for a new term of four years at the General Meeting to be held on June 15, 2017. A biographic notice of Mrs. Serizawa is presented on page 240 of the Registration Document.
- Mr. Yasuhiro Yamauchi: the Board of Directors, at its meeting held on February 9, 2017, coopted Mr. Yamauchi, Chief Competitive Officer of Nissan, as director upon proposal of Nissan. This cooptation follows the resignation of Mr. Saikawa, for the remaining duration of his term of office, *i.e.* until the 2018 General Meeting. It will be proposed to the General Meeting to ratify this cooptation at its meeting to be held on June 15, 2017.

YASUHIRO YAMAUCHI

Director coopted upon proposal of Nissan

Birth date: 02/02/1956

Nationality: Japanese

Date of first appointment: February 2017

Current term expires: 2018 AGM

Number of registered shares held: N/A

BIOGRAPHY-PROFESSIONAL EXPERIENCE

Yasuhiro Yamauchi was born on February 2, 1956. Mr. 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 RNPO (Renault-Nissan Purchasing Organization). 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 NML maintains its competitiveness in the global market.

Yasuhiro Yamauchi was co-opted by the Board of Directors at its meeting held on February 9, 2017.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Chief Competitive Officer of Nissan Motor Co., Ltd. (Japan)

Director of Renault Nissan B.V (Netherland)

Non-listed companies:

None

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	

DIRECTOR REPRESENTING THE FRENCH STATE WHOSE APPOINTMENT IS PROPOSED TO THE GENERAL MEETING

On February 9, 2017, the Board of Directors decided to implement order No. 2014-948 of August 20, 2014 relating to governance and transactions on the share capital of companies with public shareholding as amended by Law No. 2015-990 of August 6, 2015 (the "Order") with effect as from the General Meeting of June 15, 2017.

Pursuant to Article 4 of the Order, the French State will from now on appoint, by order, one representative within the Board of Directors of the Company. Furthermore, in accordance with Article 6 of the Order, the French State will request the appointment of one director within the Board of Directors of Renault.

The French State has indicated that it will appoint, by order, Mr. Martin Vial as representative of the French State on the Board of Directors of the Company. The French State also requested the appointment of Mr. Pascal Faure as a director appointed upon proposal of the State within the Board of Directors, pursuant to the provisions of Article 6 of order No. 2014-948 relating to governance and transactions on the share capital of companies with public shareholding. His appointment will be proposed to the General Meeting of June 15, 2017. Mr. Pascal Faure's biographic notice appears on page 234 of the Registration Document.

INDEPENDENT DIRECTORS WHOSE APPOINTMENT IS PROPOSED TO THE GENERAL MEETING

The terms of Ms. Dominique de La Garanderie and Mr. Alain Belda as directors expire at the end of the Shareholders' General Meeting on June 15, 2017. The terms of these two directors will not be renewed due to the age limit for directors, set out in the Company's by-laws.

Furthermore, Mr. Franck Riboud has informed the Board of his decision to resign from his position as director with effect from the General Meeting of June 15, 2017.

In this context and in the interests of pursuing the objective of increasing the proportion of female directors on the Board, the Board of Directors has reviewed a number of applications including those of Ms. Miriem Bensalah Chaqroun, Ms. Marie-Annick Darmaillac and Ms. Catherine Barba, in terms of:

- the composition of and changes in the shareholding;
- the independent status of each candidate;
- the balanced representation of men and women within the Board of Directors;
- the diversity and complementarity of skills of the Board members, and the relevance thereof with regard to the Company's strategy and growth;
- the diversity of nationalities of the members of the Board of Directors; and
- the knowledge of the markets in which the Company is or seeks to be established.

The Board of Directors, at its meeting held on February 9, 2017, decided that:

1. Miriem Bensalah Chaqroun: the appointment of a director of Moroccan nationality would contribute to gender balance and the international diversity of the Board. Furthermore, the profile of Ms. Bensalah Chaqroun, Chief Executive Officer of Eaux minérales d'Oulmès, the principal activity of which is the production and distribution of mineral water, meets the intention of the Board of Directors to extend itself to include more industrial profiles. Her experience in terms of responsible development would be a major asset to the Company's Board of Directors. As President of the General Confederation of Moroccan Enterprises, which works to promote the international development of Moroccan businesses, Ms. Bensalah Chaqroun has, *inter alia*, in-depth knowledge of the current international challenges.

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MIRIEM BENSALAH CHAQROUN

Independent Director

Birth date: 11/14/1962

Nationality: Moroccan

Date of first appointment: N/A

Start date of current term of office: N/A

Current term expires: N/A

Number of registered shares held: N/A

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Miriem 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) starting in 1989. Since then, she has been Group Director and CEO (Vice-President and Chief Executive Officer) of Les Eaux Minérales d'Oulmès.

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 - Les Eaux Minérales d'Oulmès – Morocco

Director - Eutelsat – France

Director - Suez – France

Non-listed companies:

Director - Holmarcom – Morocco

Other legal entities:

Member of the Board and Chairman of the Audit Committee of Bank Al Maghrib (Central Bank of Morocco) – Morocco

Chairman - Confédération Générale des Entreprises du Maroc – Morocco

Director - Al Akhawayn University – Morocco

Chairman - Centre Euro-Méditerranéen d'Arbitrage - Morocco

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	

2. Ms. Marie-Annick Darmaillac: the appointment of Ms. Darmaillac, CSR (Corporate Social Responsibility) Director of Vivendi, would provide the Board with significant expertise on ethical and sustainable development matters which are at the heart of Groupe Renault's current strategy. As a judge, Ms. Darmaillac would also bring essential legal knowledge to the Board's discussions. Her appointment would also improve gender balance within the Board.

MARIE-ANNICK DARMAILLAC

Independent Director

Birth date: 11/24/1954

Nationality: French

Date of first appointment: N/A

Start date of current term of office: N/A

Current term expires: N/A

Number of registered shares held: N/A

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms. Marie-Annick Darmaillac joined Vivendi in January 2017, where she is CSR Director (Corporate Social Responsibility).

Marie-Annick Darmaillac 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 General Secretary Deputy, she was responsible in particular for oversight of the management of the Group's major talents as well as ethical and sustainable development issues.

Previously, starting in October 2015, Marie-Annick was the Director of Internal Talent Promotion and Development for the Canal+ group.

A magistrate by training, she 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 Ecole *Nationale de la Magistrature* and Technical Advisor to the French Ministry of Justice.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

Permanent Representative of Financière V on the Board of Bolloré

Permanent Representative of Financière V on the Board of *Financière de l'Odet*

Permanent Representative of Socfrance on the Board of *Société Industrielle et Financière de l'Artois*

Permanent representative of the *Société des Chemins de fers & Tramways du Var et du Gard* on the Board of Financière Moncey

Non-listed companies:

President of the *Société Immobilière Mount Vernon*

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	

3. Ms. Catherine Barba: the appointment of Ms. Barba, expert in e-commerce and digital transformation – she has notably brought the concept of *Cyber Monday* from the United States to France – would fulfil the Board's intention to extend itself to the new technology sector. Founder of the Lab e-commerce, Ms. Barba has in-depth knowledge of digital innovation and trends. Her appointment to the Board would be a major asset for the Groupe Renault at a time when digital expertise is becoming a business transformation tool. It would also improve gender balance within the Board.

CATHERINE BARBA

Independent Director

Birth date: 02/28/1973

Nationality: French

Date of first appointment: N/A

Start date of current term of office: N/A

Current term expires: N/A

Number of registered shares held: N/A

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A graduate of ESCP Europe in 1996, Catherine Barba joined the OMD media agency (Omnicom group), where she created and developed the OMD Interactive entity dedicated to online advertising until 1999.

From 1999 to 2003, she joined Marc Simoncini's iFrance website as Chief Executive Officer to grow the business in France, Belgium, Switzerland and Spain.

In 2003, she created the Cashshore Shopping portal, a cashback site that she sold to the Plebicom group in 2010 with its 500,000 users and 1,200 partner online sales sites.

In 2005, she developed the e-business consulting firm Malinea, which she sold in 2011 to the founders of vente-privee.com, with which she was a partner in the Digital Commerce Factory until 2012.

In 2012, she founded and directed CB Group (Catherine Barba Group) so that she could use her entrepreneurial experience and digital expertise for physical distribution chains and major brands, which she supported in their internal digital and customer-based transformation.

In 2015, she set up her company in New York to bring an international dimension to her business and offer her clients direct contacts with the most innovative players in the digital revolution.

Catherine Barba is a director of the ETAM lingerie brand and an investor in some ten innovative start-up such as Frenchweb, Leetchi, Recommend, Retency and Reech.

She is very involved in the promotion of women, and she organizes events in Paris (Digital Women's Day 2013, 2014 and 2015) and New York (Women in Innovation Forum in 2016 and 2017) that put the spotlight on outstanding women who dare and innovate, to help to create a new generation of women entrepreneurs.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

ETAM - Member of the Supervisory Board – France

Non-listed companies:

Electronic BUSINESS GROUP	2017

Other legal entities:

None

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
Leetchi	2015
So Shape	2016

DIRECTORS REPRESENTING EMPLOYEE SHAREHOLDERS WHOSE APPOINTMENT IS PROPOSED TO THE GENERAL MEETING

Following elections held within Groupe Renault between January 2 and 12 of this year, where voters were employee shareholders of Renault, two candidates obtained more than 5% of favorable votes: Mr. Julien Thollot and Mr. Benoit Ostertag. As such and in accordance with the internal rules for elections, two resolutions will be submitted to the General Meeting of June 15, 2017 to appoint the director representing employee shareholders for a period of four years, it being specified that, in the event of a tie, the term of office of Benoît Ostertag, the eldest candidate, would be renewed. Mr. Benoit Ostertag's biography appears on page 237 of the Registration Document.

JULIEN THOLLOT

Birth date: 02/27/1973

Nationality: French

Date of first appointment: N/A

Start date of current term of office: N/A

Current term expires: N/A

Number of registered shares held: 131

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born in February 1973, Julien Thollot is a graduate of SUPMECA Paris (engineering school), class of 1999. He joined Groupe Renault in 2001 in the Systems Department and, specifically, the electronics segment. Among his achievements are the introduction and development of new approaches to producing embedded software. After considerable managerial experience, he was given the responsibilities of project manager within the Alliance more specifically, at the heart of the current challenges involving autonomous and connected vehicles.

His extra-professional occupation with the Renault Employee Shareholders' Association (AASR), of which he is President, and his presence as a member of the FCPE Action Renault Supervisory Board give him in-depth knowledge of Renault's shareholding structure and legitimacy in those topics.

He looks forward to putting his engineering operational skills, his experience of technical breakthroughs and his knowledge of new technologies to work in order to assist the members of the Board of Directors, ensuring that his peers can form enlightened and well-informed opinions.

OFFICES AND OTHER FUNCTIONS IN FRENCH AND INTERNATIONAL COMPANIES

CURRENT OFFICES

Listed companies:

None

Non-listed companies:

None

Other legal entities:

President, Renault Employee Shareholders' Association (AASR), France

Member of the Supervisory Board of the FCPE Action Renault, France

OFFICES IN OTHER COMPANIES IN THE PAST FIVE YEARS NO LONGER HELD	Deadline Term expired
None	

At the end of the General Meeting of June 15, 2017, subject to the approval of the resolutions presented by the Board of Directors, the composition of the Board will have the following characteristics:

	Composition at the end of the 2016 Annual General Meeting	Composition at the end of the 2017 Annual General Meeting
Rate of independence	66.7%(1)	66.7%(1)
Rate of feminization	31.2%(2)	43.7%(2)
Rate of international directors	37.5%(3)	43.7%(3)

(1) Pursuant to the recommendations of the Afep/Medef Code, the directors representing the employees and the director representing the employee shareholders are not taken into account in the calculation of the independence rate of the Board of Directors.

(2) Pursuant to legal provisions, the directors representing the employees are not taken into account in the calculation of the feminization rate within on the Board of Directors.

(3) In the interests of consistency, the directors representing the employees are not taken into account in the calculation of the rate of international directors.

After the General Meeting of June 15, 2017, subject to a favorable vote at the meeting:

- the Board's independence rate would remain above that recommended by the Afep/Medef Code; and
- the feminization rate would be above that required by law (minimum 40% of women within the Board of Directors of a listed company).

3.1.1.3 ADDITIONAL INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

RIGHTS AND DUTIES OF DIRECTORS

The internal rules of the Board set forth the rights and duties of directors of the Company with respect to:

- the awareness of the legal regulations applicable to *sociétés anonymes* (limited liability companies) and the Company's by-laws;
- the right to disclosure and duty to keep informed;
- the duty of diligence;
- the duty of loyalty;
- professional confidentiality and privileged information;
- the holding of shares in the Company. In accordance with the recommendations of the Afep/Medef Code, the Board's internal rules recommend that directors own a significant number of shares in view of the directors' fees paid to them[1], except for those directors who do not receive fees personally. In this respect, the directors representing the staff or the shareholder employees do not personally receive directors' fees (which are paid directly to their trade unions); they are therefore not required to hold a significant number of Company's shares. In addition, regulations forbid directors appointed by the French State from owning shares personally; and
- the compensation and refund of expenses.

NO CONVICTIONS

To the best of Groupe Renault's knowledge, none of the directors or senior executives of the Company has, in the past five years, been:

- convicted of fraud;
- involved as an executive in bankruptcy, receivership or liquidation proceedings;
- charged or punished by a statutory or regulatory authority; or
- barred by a court from serving as a member of the Board of Directors, Management Board or Supervisory Board of an issuer or from serving as a manager or officer of an issuer.

NO CONFLICTS OF INTEREST

To the best of the Company's knowledge, there are no conflicts of interest between the directors' private interests and their duties to the Company.

The directors are not related by family ties.

Executive officers are not bound to the Company or any of its subsidiaries by service agreements that provide for benefits.

3

3.1.1.4 ORGANIZATION, OPERATION AND MISSIONS OF THE BOARD ♦

BALANCED AND EFFECTIVE GOVERNANCE

In 2009, the Board of Directors chose to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, with Mr. Ghosn performing these functions from then onwards. The Board of Directors has observed that this is an effective governance structure which, in particular, offers a more responsive and efficient decision-making process to ensure and strengthen the cohesion of the entire organization.

Taking account of the combining of the functions of Chairman of the Board and of Chief Executive Officer, the Board of Directors has focused on implementing various measures in order to guarantee a balance of powers in line with best practices of governance:

- **the presence of a majority of Independent Directors on the Board of Directors;**
- **the presence of a Lead Independent Director, Mr. Lagayette, chosen among the Independent Directors, whose role is described hereafter; and**
- **limitations on the powers of the Chairman and Chief Executive Officer, specified in the internal rules of the Board of Directors.**

These measures, together with the active role played by the Lead Independent Director and other Independent Directors, help to establish balanced governance arrangements within the Board of Directors and its committees and have proved their effectiveness during recent years.

(1) Approximate percentage of Renault's share capital held by directors, excluding the French State's shareholding: 0.02%.

♦ *GRI [G4-DMA]*

1. OPERATION OF THE BOARD

The Company's by-laws state that the Board of Directors shall appoint among its members a Chairman of the Board of Directors, who may be re-elected and must be a natural person.

The other operating rules of the Board of Directors are specified in the Board's internal rules.

Internal rules concerning the operation of the Board of Directors

The proceedings of the Board of Directors and the meetings of the Board committees may be conducted using any technical means, provided they guarantee effective participation by directors.

Accordingly, the directors participating in the Board's proceedings by the aforementioned means are deemed attending, for calculation of the quorum and majority, except for the meetings finalizing the separate or consolidated financial statements, appointing or dismissing the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers, for which proceedings the directors are required to attend in person.

Meetings are convened by any means and may be sent by the Secretary of the Board.

The proceedings of the Board of Directors are conducted on the basis of documents sent to each director not less than five days before the meeting of the Board of Directors.

However, where the aforementioned documents are submitted beforehand to a committee of the Board within a shorter time limit, those documents shall be forwarded to the directors at the close of the relevant meeting of that committee.

In the event of urgency or where the time limit cannot be met, the agenda and the documents relating to the matters for discussion by the Board of Directors shall be transmitted not less than 24 hours before the Board of Directors meets.

Minutes of each meeting of the Board of Directors are kept in accordance with legal provisions.

2. MISSIONS OF THE BOARD OF DIRECTORS

Internal rules concerning the missions of the Board of Directors

The Board of Directors is a collegiate body.

It has the obligation to act in the corporate interests of the Company under all circumstances. It receives its powers from the shareholders as a body, and also takes account of the expectations of other stakeholders. It meets as often as the interests of the Company and the laws and regulations require.

Upon proposal of the Chairman and Chief Executive Officer, the Board of Directors determines the Company's strategy. The Board discusses the Company's strategic guidelines on a yearly basis, including those relating to the Alliance, proposed by the Chairman and Chief Executive Officer. It examines any amendments to those guidelines. The Board gives its opinion beforehand on any major decision that is not in line with the business strategy.

It is alerted promptly by the Chairman and Chief Executive Officer in the event of any external event or internal change radically affecting the Company's prospects or the forecasts submitted to the Board of Directors.

Every year, the Board examines the medium-term plan and the budget.

It is regularly informed of the Company's results as reflected in the income statement, balance sheet and cash flow; it is also informed of off-balance-sheet commitments.

It ensures the quality of financial information published, including the financial statements or in the case of significant transactions. It publicizes its opinion on the conduct of transactions in the Company's securities whenever warranted by the nature of those transactions.

The Board meets once a year, in the absence of the Chairman and Chief Executive Officer, to assess the latter's performance and set his/her compensation.

Each year it also approves the list of directors considered to be independent. The Board debates at least once a year on its operation and that of its committees, in addition to the annual assessment that is made in this respect.

The Board prepares and convenes the shareholders' General Meeting and sets its agenda.

One of the fundamental tasks of the Board is to define the mode of general management and the limitations of powers of the Chairman and Chief Executive Officer.

2.1 Functions of Chairman of the Board combined with those of Chief Executive Officer

On May 6, 2009, upon proposal of the Appointments and Governance Committee, the Company's Board of Directors combined the functions of Chairman of the Board and Chief Executive Officer. Mr. Ghosn was appointed Chairman and Chief Executive Officer at that time, and reappointed in this position in 2010 and 2014.

This mode of governance, uniting the functions of Chairman of the Board and Chief Executive Officer, is used in a majority of French listed companies with a Board of Directors. It suits to the Company's organization and operation, providing in particular a responsive and effective decision-making process.

2.2 Balance of powers

All of the following provisions allow for a balanced governance while ensuring an effective decision-making process.

I. Independence of the Board of Directors

The Board of Directors is committed to the principle of independence set down in its internal rules.

Internal rules concerning the independence of directors:

A director is independent when he/she entertains no relationship whatsoever with the Company, its Group or its general management, such as might compromise the exercise of his/her freedom of judgment. Thus, an independent director shall be understood to mean not only a non-executive director, *i.e.* one not performing management duties in the Company or its Group, but also one devoid of any particular bonds of interest (significant shareholder, employee or other) with these entities.

The Board of Directors shall determine each year, upon proposal of the Appointments and Governance Committee, the list of its members considered independent, based on the criteria set by the Afep/Medef Code:

- not to be a customer, supplier, investment banker or commercial banker that is material to the corporation or its Group, or for which the corporation or its Group accounts for a significant part of its business;
- not to have close family ties with an executive officer;
- not to have been a Statutory Auditor of the corporation within the previous five years;
- not to have been a director of the corporation for more than 12 years. The loss of the independent director status by reference to this criterion should occur only at the expiry of the term of office during which such director exceeds the term of 12 years;
- not to be an employee or executive officer of the Company, an employee or director of the parent company or of a company within its scope of consolidation, or have been any of these within the preceding five years;
- not to be an executive officer of a company in which the Company sits directly or indirectly on the Board of Directors, or of which an employee designated as such or a company officer (serving currently or within the past five years) is a director;
- the independence of directors representing major shareholders of the Company (10% or more of the capital or voting rights) must be assessed on a case-by-case basis.

The Board of Directors of Renault must be comprised of at least 50% independent directors, the percentage being calculated according to the recommendations of the Afep/Medef Code on the subject.

The process of assessing the independence of the Company's directors is performed by the Appointments and Governance Committee. As a result, once a year, the Board of Directors reviews, upon proposal of this committee the situation of each director according to the independence criteria defined in the Afep/Medef Code and transposed in the internal rules.

On February 9, 2017, the Board approved the following list of directors: Ms. Blair, Ms. de La Garanderie, Ms. Qiu and Ms. Sourisse, and Mr. Belda, Mr. Desmarest, Mr. Ladreit de Lacharrière, Mr. Lagayette, Mr. Riboud and Mr. Thomas. The Board of Directors has closely examined the situations of Mr. Ladreit de Lacharrière and Mr. Riboud, pursuant to the Afep/Medef Code's recommendation stating that a person "should not serve as a director for more than twelve years". In accordance with the code's "comply or explain" principle, the Board has decided, upon proposal of the Appointments and Governance Committee, to explain its decision to waive this criterion of twelve years for these two directors based on the analysis set out in the table in section 3.1.1.7.

Accordingly, as of February 9, 2017, the Board of Directors of the Company is comprised of 19 members, 10 of whom are considered independent. In accordance with the recommendations of the Afep/Medef Code, directors representing employees and directors representing employee shareholders are not included in the calculation of the independence rate, which is 66.7%.

Moreover, the Board considered whether the business relationships between the directors and the Company were significant or otherwise, having regard to the nature and amounts involved in the context of these relationships. The Board thus ensured that no significant cash flow existed between the Company and any one of the companies in which a director of the Company is a director or corporate officer, notably by examining the proportion that these companies represent in the Company's revenue. In this review, the Board paid particular attention to the situation of Mr. Lagayette, Senior Advisor at Barclays. It appeared that the Company had only limited financial flows with this bank, which is not one of the banking institutions with which the Company works primarily. Moreover, Mr. Lagayette has indicated that he undertakes not to be involved, in the event of a transaction involving Barclays and the Company, and that he would not participate in any possible decision of the Board of Directors of the Company involving Barclays. Finally, Mr. Lagayette informed the Board of Directors of the Company that he has no contractual relationship with Barclays since July 31, 2016.

II. Lead Independent Director

Mr. Lagayette, whose term was renewed at the Annual General Meeting on April 30, 2015, performs the role of Lead Independent Director.

According to the internal rules, the role of Lead Independent Director cannot be held for more than four consecutive years. As a result, Mr. Lagayette may not be Lead Independent Director beyond the Annual General Meeting to be held in 2019.

The role of the Lead Independent Director is defined in the internal rules.

Internal rules of the Board of Directors concerning the Lead Independent Director

The Board of Directors must, in line with the decision to concentrate in the same hands the functions of Chairman of the Board of Directors and of Chief Executive Officer, appoint among the members of the Board a "Lead Independent Director".

The role of Lead Independent Director shall consist of coordinating the activities of the Independent Directors. The Lead Independent Director also liaises between the Chairman and Chief Executive Officer and the Independent Directors.

The Lead Independent Director is appointed by the Board of Directors upon proposal of the Appointments and Governance Committee, among the directors qualifying as independent. The Lead Independent Director is appointed for the term of his/her directorship, however the Board may at any time discontinue the position.

The duties of Lead Independent Director may not be carried out for more than four consecutive years.

The Lead Independent Director has the following missions:

- advising the Chairman of the Board and the Chairmen of the specialized committees;
- ensuring the directors are able to perform their roles under the best possible conditions and, in particular, that they are well informed before Board meetings. The Lead Independent Director is also the preferred point of contact for the Independent Directors;
- managing and preventing conflicts of interest;
- ensuring compliance with the internal regulations;
- making decisions concerning the proposed agenda of Board meetings;
- chairing the meetings of the Board of Directors in the absence of the Chairman and Chief Executive Officer; in particular, the Lead Independent Director chairs discussions assessing the performance of the Chairman and Chief Executive Officer and the setting of the latter's compensation;
- convening the Board of Directors in exceptional circumstances after obtaining the opinions of all committee Chairmen;
- meeting the Group managers regularly;
- reporting on his/her activities in the Registration Document.

The Lead Independent Director may also be a member of one or more specialized committees of the Board. He/she may also attend meetings of the specialized committees of which he/she is not a member.

2016 ANNUAL REVIEW OF THE LEAD INDEPENDENT DIRECTOR ACTIVITY

During the 2016 financial year, the Lead Independent Director attended all Board meetings and all meetings of the Appointments and Governance Committee (of which he is a member) and those of the Audit, Risks and Ethics Committee (CARE) (which he chairs).

The Lead Independent Director plays a major role in the Company's governance arrangements, though the performance of several tasks based on six themes:

Discussions with senior executives and independent directors

As every year, the Lead Independent Director has held regular discussions with:

- the independent directors to ensure that the conditions were met for them to effectively fulfill their roles; and
- the Chairman and Chief Executive Officer, members of the Group Executive Committee and the managers of the key departments (Group Accounting Director, Legal Counsel, Tax Counsel, etc.) and the statutory auditors.

He also ensured that he kept abreast of the activities of the Group and its competitors.

Board meetings

The Lead Independent Director was involved in preparing Board meetings, giving his opinion on the agenda for each meeting and ensuring the quality of the information provided to members of the Board and to its committees.

In 2016, he notably requested that the Board of Directors review several specific issues related to the Group's current activities and the automotive industry.

Governance

In his capacity as a member of the Appointments and Governance Committee, the Lead Independent Director participated in:

- the recruitment process for new directors;
- the discussions related to the governance and operation of the Board; and
- the review of the changes to the internal rules of the Board of Directors in accordance with the Afep/Medef Code.

Performance of the Chairman and Chief Executive Officer

He chaired the discussions of the Board of Directors regarding the performance and compensation of the Chairman and Chief Executive Officer, which were not attended by the Chairman and Chief Executive Officer.

Investor relations

The Lead Independent Director noted the concerns of shareholders, in particular of major shareholders and ensured that the Company responded to them in a satisfactory way.

III. Specific authorizations of the Board of Directors

The Board's internal rules provide that the Board of Directors examine annually the company's strategic policies proposed by the Chairman and Chief Executive Officer, including those related to the Alliance. The Board reviews any changes to those policies and gives its opinion before any major decision which would be inconsistent with the Company's strategy is made.

In addition, the internal rules provide for the following limitations of powers:

Internal rules of the Board of Directors concerning the limitation of the powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer must obtain authorization from the Board of Directors for any external-growth operation, acquisition or sale of any long-term equity investment in any companies created or to be created where the amount exceeds €250 million.

He must inform the Board of Directors of any external growth operation, acquisition or sale of any long-term equity investment in any companies created or to be created where the amount exceeds €60 million.

3. ACTIVITY OF THE BOARD OF DIRECTORS IN 2016

The Board of Directors met seven times in 2016 (including two exceptional meetings). On average, Board meetings lasted for three hours, it being specified that one meeting lasted for an entire day.

The resolutions on the Board's agenda were all discussed, and the agenda was adjusted to include topics of relevance to the Company, demonstrating the Board's highly responsive character. In 2016, the level of attendance was 93.45% (for details of the level of attendance of each director, see section 3.3.3.2).

On the main matters, the Board took in particular the action described below:

Group strategy

The Board reviewed the following strategic topics:

- update on and conclusion of the second part of the Renault Drive the Change plan (2014-2016), presented by the Senior Management and approved in 2011 by the Board of Directors;
- the strategy for CO_2 / platforms / powertrain / vehicles and electrification;
- the convergences within the Alliance;
- the strategy in China; and
- the strategy in Russia, with AVTOVAZ in particular.

As every year, the Board of Directors organized its annual one-day strategic seminar, which took place during the Paris Motor Show, in order to debate important topics for Groupe Renault. During the seminar, the directors discovered Groupe Renault's range of vehicles and benefited from an in-depth presentation from operational managers on the macro-economic environment for the automotive market and on Groupe Renault's strategy and the outlook following the conclusion of the Drive the Change plan.

Accounts and budget

During 2016, the Board, in particular:

- approved Groupe Renault's consolidated financial statements and the fiscal statements of the Company and Renault s.a.s. for financial years 2015;
- set the allocation of the 2015 income to be proposed to the Shareholders' General Meeting, including a dividend payout;
- examined the consolidated financial statements for the first half of 2016; and
- approved the budget for 2017.

Corporate governance

During 2016, the Board, in particular:

- proposed to the General Meeting held on April 29, 2016, the reappointment of Mr. Desmarest, an independent director, and the appointment of Ms. Qiu to replace Mr. Garnier;
- noted the resignation of Ms. Koike and appointed Mrs. Serizawa to replace her during the Board of Directors meeting held on December 12, 2016;
- noted the resignation of Mr. Saikawa during the Board of Directors meeting held on December 12, 2016;
- noted the election of the employee directors that took place in November 2016 and welcomed Mr. Barrat as a replacement for Ms. Rih;
- prepared the list of independent directors, upon proposal of the Appointments and Governance Committee;
- prepared the General Meeting of April 29, 2016 and, in particular, set the agenda;
- decided, upon proposal of the Appointments and Governance Committee, to merge the International Strategy Committee and Industrial Strategy Committee into an International and Industrial Strategy Committee;
- debated the composition of its specialized committees;
- reviewed the reports prepared by the Chairman of each specialized committee;
- evaluated its operations in 2016 (see the conclusions of this debate in section 3.1.1.6 of the Registration Document);
- determined the compensation of the Chairman and Chief Executive Officer for fiscal year 2016, it being specified that following the negative opinion of the General Meeting of April 29, 2016, the Board (i) met on July 27, 2016, (ii) noted the need to simplify the compensation structure of the Chairman and Chief Executive Officer and improve its transparency, and (iii) approved, upon proposal of the Compensation Committee, the compensation principles for the Chairman and Chief Executive Officer for financial year 2016 (see section 3.3);
- determined the terms and conditions of the performance share plan for 2016;
- examined the implementation of order No. 2014-948 of August 20, 2014 relating to governance and transactions on the share capital of companies with public shareholding;
- approved the report of the Chairman of the Board of Directors to the General Meeting of April 29, 2016, pursuant to Article L. 225-37 of the French Commercial Code; and
- examined and approved answers to written questions from Company shareholders ahead of the General Meeting.

Related-party agreements

At its meeting held on February 9, 2017, the Board of Directors:

- confirmed that with the exception of the related-party agreements approved by the General Meeting of the Company on April 29, 2016, namely the governance agreement entered into between the Company and the French State and its implementation agreement and the amendment to the Restated Alliance Master Agreement entered into between the Company and Nissan (on December 11, 2015), no related-party agreements were entered into during financial year 2016;

- reviewed the related-party agreements entered into and authorized during previous financial years which performance continued during financial year 2016; and
- decided that certain agreements entered into during previous financial years and then subject to the procedure for related-party agreements no longer had to follow that procedure under the exemption provided for in Article L. 225-39 of the French Commercial Code for agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other. The Board of Directors decided not to submit the relevant agreements to the annual review provided for in Article L. 225-40-1 of the French Commercial Code (for details see the statutory auditors' report in section 4.3.2).

3.1.1.5 ACTIVITY OF SPECIALIZED COMMITTEES OF THE BOARD IN 2016

Five specialized committees have been set up to conduct in-depth examinations of specific topics relating to the Board of Directors' role in order to assist the Board in its missions and work. The Board is informed of the committees' recomendations in reports made by their respective Chairmen at Board meetings.

The general operation of the committees is primarily set out in the internal rules of the Board of Directors.

Internal rules of the Board of Directors concerning the committees

The Board of Directors decides on the composition of the committees and the choice of their respective Chairmen upon a proposal of the Appointments and Governance Committee.

The existence in the committees of cross-directorships – as understood by the Afep/Medef Code – should be avoided.

The Chairmen of the committees may, if they wish, attend the meetings of the other committees of which they are not members.

The Chairmen of the committees shall report on the activities and recommendations of their respective committees at the meetings of the Board of Directors. Where prevented from attending, the Chairman shall appoint a member of the committee to deliver his/her report to the Board of Directors.

The Chairman and Chief Executive Officer may consult the committees on any matter relating to their missions.

The committees shall meet whenever they deem it necessary and at least twice a year.

In any case, the committees shall meet ahead of the meetings of the Board of Directors having on their agenda matters within those committees' remit.

The committees shall meet no later than two days before the meetings of the Board of Directors scheduled to discuss matters examined in the committees, except in cases of urgency or where prevented from meeting.

The documents intended for the (International and Industrial) Strategy Committee shall be sent to their members not less than five days before the committee meeting, except in cases of urgency or where prevented.

The documents intended for the following committees shall be sent to their members not less than two days before the committee meeting, except in cases of urgency or where prevented:

- Audit, Risks and Ethics Committee;
- Appointments and Governance Committee;
- Compensation Committee.

In order to fulfill their missions, the committees may, at their option:

- meet staff in the divisions relevant to their duties;
- interview functional managers or those of operating entities;
- request company representatives to communicate any document or information they consider necessary to the discharge of their mission;
- call upon organizations and service providers outside the Company to perform, at the Company's expense, any studies they consider conducive to the fulfillment of their missions.

The Chairman and Chief Executive Officer may, at the request of the directors, intervene during committee meetings to add to the discussion, with the exception of meetings of the Compensation Committee.

1. AUDIT, RISKS AND ETHICS COMMITTEE (CARE)

NUMBER OF MEMBERS			NUMBER OF MEETINGS		
6	VS	5	**5**	VS	5
2016		*2015*	*2016*		*2015*

PERCENTAGE OF INDEPENDENT DIRECTORS			ATTENDANCE RATE		
80%	VS	75%	**91.1%**	VS	100%
2016		*2015*	*2016*		*2015*

MEMBERS AS AT DECEMBER 31, 2016

- Mr. Lagayette * (Chairman)
- Ms. de La Garanderie *
- Mr. Ostertag **
- Ms. Sourisse *
- Mr. Thomas *
- Mr. Vial

* *Independent Director*

** *The directors representing employees and director representing employee shareholders are not taken into account when calculating the rate of independence, in accordance with the provisions of the Afep/Medef Code.*

Composition

The internal rules detail the guidelines for the composition of the CARE.

> **Internal rules of the Board of Directors concerning the composition of the CARE**
>
> The composition of the CARE is as follows:
> - at least two-thirds of independent directors, excluding employee directors or those representing employee shareholders;
> - directors having accounting and/or financial skills;
> - a committee Chairman is chosen with particular care among the Independent Directors;
> - the Chairman and Chief Executive Officer may not be a member of this committee.
>
> The members of the CARE shall, upon their appointment, be informed of the Company's specific accounting, financial and operating features. Furthermore, each director may, where he/she considers it necessary, receive additional training in the Company's specific features, its business-lines and the automotive industry. Directors representing employees or employee shareholders shall receive appropriate training to enable them to discharge their duties.

The composition of the CARE has been reviewed to ensure that all members have the financial and/or accounting expertise or professional experience relevant to the CARE's mission areas (see biographic notices of the relevant directors in section 3.3.3.2).

Mr. Lagayette, the committee's Chairman, has spent his career in the economics and finance sector, working both in public administration and the private sector.

Ms. de La Garanderie, former President of the Paris Bar *(Bâtonnier de l'Ordre des avocats de Paris)*, is a lawyer whose experience enables her to take an active part in the discussions of accounting and financial matters in this committee. Her involvement with ethical issues during her career makes her participation in this Committee particularly appropriate.

Ms. Sourisse has held executive positions in several major companies in France and abroad. Her experience enables her to participate actively in all the Committee's discussions.

Mr. Ostertag is a director representing the employee shareholders. Like the employee directors, he received special training to serve as a director, including the accounting and financial aspects of corporate management. Owing to his excellent knowledge of the Company, he is able to easily grasp and actively participate in this Committee's work.

Mr. Thomas, who joined the Committee in 2016, has led career as the head of major international groups. His experience, acquired in particular as manager of the Hermès group for ten years, allows him to participate in and add to this Committee's discussions.

Mr. Vial was appointed Commissioner of the Agency for the French State Holdings on August 24, 2015. He has held several corporate offices in state-owned companies.

Missions

Internal rules of the Board of Directors concerning the missions of the CARE

The following are the missions of the CARE:

- monitoring the processes for generating financial information, and supervising the methods adopted for drawing up financial statements, drawn up in compliance with prevailing standards and in accordance with the IFRS accounting system;
- examining and analyzing the financial statements as prepared by the Company's management, and reporting on its findings in this respect to the members of the Board of Directors;
- monitoring the effectiveness of schemes for risk control, internal control and regulatory and operational compliance;
- ensuring compliance with ethical rules, particularly business ethics;
- ensuring the Company has a good level of commitment to corporate social responsibility (CSR).

As such, the CARE:

- examines – as part of its analysis of the financial statements – the memorandum of the statutory auditors highlighting the salient points in the results, the accounting options adopted, and a memorandum from the Chief Financial Officier describing the risk exposure, and the off-balance-sheet commitments of the business;
- proposes to the Board the procedure for selecting the statutory auditors, manages the selection procedure, issues an opinion on the quality of those auditors' work and ensures compliance with the rules safeguarding their independence; within this framework, it issues a recommendation regarding the statutory auditors proposed for appointment by the General Meeting;
- regularly interviews the statutory auditors, who must submit their general program of work and the tests and samplings they have undertaken;
- is informed of the existence of a system for identifying and assessing the Group's risks and ensures that the system's effectiveness is duly monitored;
- ensures that an internal control system exists, and monitors its effectiveness;
- supervises the audit plan, monitors its execution and checks that the recommendations are implemented;
- supervises the proper implementation and assesses the effectiveness of the ethical scheme, and monitors the enforcement of the Group code of conduct together with its related procedures;
- receives, from the Ethics Officer, the Company's annual activity report on ethics and compliance, together with the actions undertaken; this Committee examines and issues its opinion on the action program for the following year, and monitors the developments in it;
- interviews the Ethics Officer and, if it considers it necessary, the Chairmen of the Ethics and Compliance Committee and the Risks and Internal Control Committee;
- examines relations with stakeholders regarding any issue relating to ethics and to social and environmental responsibility;
- interviews the Company's Social Responsibility Officer once a year on the actions conducted in this area;
- examines the part of the report of the Chairman of the Board of Directors referred to in Article L. 225-37 of the French Commercial Code, which relates to internal control and risk management procedures;
- formulates any recommendation to the Board of Directors or the Company's management bodies in the areas within its remit.

Within the scope of its authority, the CARE regularly interviews representatives of the following entities:

- the Audit, Risk Control and Organization department;
- the Group Protection and Risk Prevention department;
- the Ethics department;
- the Group Finance department;
- the statutory auditors.

Overview of activity

The CARE met five times in 2016, with an attendance rate of 91.1% (for details, see the table in section 3.3.3.2).

In compliance with French legal and regulatory requirements and the Afep/Medef Code, the CARE dealt in particular with the following matters:

- review of the Group's consolidated financial statements and the annual financial statements of the Company and Renault s.a.s. for financial year 2015, the Group's consolidated financial statements for the first half of 2016, and the related financial press releases. The CARE studied in particular issues related to the valuation of assets in the operating segment, asset impairment tests, the developments in the automotive market and their impact on the Company's financial performance;
- the review of the accounting and financial impacts of certain Group partnerships;
- the monitoring of 2016 performance with respect to the budget;
- the preparation of the 2017 budget;
- the monitoring of the 2016 internal audit plan and presentation of the internal audit plan for 2017;
- the external audit plan conducted by the statutory auditors as part of their legal auditing task;
- the independence of the appointment of the statutory auditors;
- the monitoring of financial risks and notably the Group's exposure in Russia and Iran;
- the Company's situation with respect to emissions from diesel engines;
- the work of the Ethics department, particularly in the area of personal data protection;
- the status of the main legal matters being dealt with by the Legal department, and the fiscal risks being monitored by the Tax department;
- the internal control and risk management (mapping of the Group's major risks); and
- the CSR Director's Activity report.

It is noted that:

- the Company's consolidated financial statements and annual financial statements were examined by the CARE at meetings held in accordance with the Afep/Medef Code in a timely manner;
- one of the CARE's missions is to monitor the effectiveness of internal control and risk management systems, which are described in section 3.1.5 below and, as such, the review of the financial statements by the Committee, in the presence of the Chief Financial Officer, is accompanied by a presentation by the statutory auditors describing the main points of the work carried, their conclusions on the accounting options adopted and regulatory developments in this field, as well as a memorandum by the Chief Financial Officer describing the Company's exposure to risks and off-balance sheet commitments; and
- CARE also heard a report from the Company's statutory auditors without the Company's senior executives being present.

A report on each CARE meeting will be presented at the following Board of Directors meeting. These activity reports enable the Board to be fully informed, thus facilitating its deliberations. In addition, minutes of each CARE meeting shall be prepared and approved by all of its members.

2. COMPENSATION COMMITTEE

NUMBER OF MEMBERS			NUMBER OF MEETINGS		
5	VS	6	5	VS	2
2016		2015	2016		2015

PERCENTAGE OF INDEPENDENT DIRECTORS(1)			ATTENDANCE RATE		
100%	VS	83.3%	100%	VS	91.6%
2016		2015	2016		2015

MEMBERS AS AT DECEMBER 31, 2016

- Mr. Thomas * (Chairman)
- Mr. Belda *
- Mr. Desmarest *
- Mr. Ladreit de Lacharrière *
- Mr. Personne

* *Independent Director*

Composition

The internal rules detail the guidelines for the composition of the Compensation Committee.

Internal rules of the Board of Directors concerning the composition of the Compensation Committee

The composition of the Compensation Committee is as follows:

- a majority of independent directors;
- one director representing the employees or employee shareholders;
- a Chairman appointed among the independent directors;
- the Chairman and Chief Executive Officer may not be a member of this Committee.

Missions

Internal rules of the Board of Directors concerning the missions of the Compensation Committee

The Compensation Committee's mission is to enable the Board of Directors to determine all the compensation and benefits of the executive officer.

As such, the Compensation Committee:

- proposes to the Board of Directors the amount of the fixed portion of the compensation of the Chairman and Chief Executive Officer;
- proposes to the Board of Directors the rules for setting the variable portion of the compensation of the Chairman and Chief Executive Officer and the amount of that variable portion;
- ensures the consistency of those rules with the annual or multi-year assessment of the Chairman and Chief Executive Officer's performance, as well as with the Company's medium-term strategy;
- supervises the annual application of those rules;
- makes all recommendations to the Board of Directors concerning the compensation, non-cash benefits and retirement benefits of the Chairman and Chief Executive Officer;
- receives information on the compensation policy of the main senior managers not holding executive office; the Committee may, on this occasion, invite the Chairman and Chief Executive Officer to attend;
- examines the general policy for long-term incentive plans and formulates proposals to the Board of Directors both on that policy and on long-term incentive awards;
- reviews the information sent to shareholders for the purposes of consulting them on the compensation of a senior manager holding executive office.

Overview of activity

This Committee met five times in 2016, compared with twice in 2015 and 2014, due to of the negative opinion issued by the General Meeting of April 29, 2016 on the components of remuneration due or attributed to the Chairman and Chief Executive Officer for financial year 2016 (for more details, see section 3.1).

The attendance rate was 100% (for details, see section 3.3.3.2).

In particular, it discussed:

- the compensation of the Chairman and Chief Executive Officer for financial year 2016 during its meeting held on February 2, 2016;
- the performance conditions with respect to the variable portion of the 2015 compensation of the Chairman and Chief Executive Officer, in connection with the Renault 2016 – Drive the Change plan;
- the monitoring of performance with respect to the deferred variable portion in shares of the 2013 and 2014 compensation of the Chairman and Chief Executive Officer;
- the summary table of the components of compensation for the Chairman and Chief Executive Officer for the 2016 financial year, in view of the shareholders' opinion (Say on Pay);
- comments on the procedure followed by the Board of Directors of the Company following the negative opinion of the General Meeting of April 29, 2016 and the preparation of the press release relating thereto; and
- changes to be made to the components of compensation of the Chairman and Chief Executive Officer following the negative opinion of the Annual General Meeting of April 29, 2016 at its meeting on July 29, 2016, after (i) consulting with shareholders, institutional investors and proxy agencies, and (ii) approached a specialized consulting firm to analyze the compensation policies of comparable CAC 40 companies and foreign groups in the same sector, with the purpose of determining the reasons for the vote (see section 3.3).

(1) *The directors representing employees and the director representing employee shareholders are not taken into account when calculating the independence rate, in accordance with the provisions of the Afep/Medef Code.*

3. APPOINTMENTS AND GOVERNANCE COMMITTEE

NUMBER OF MEMBERS			NUMBER OF MEETINGS		
5 2016	VS	5 2015	**3** 2016	VS	2 2015

PERCENTAGE OF INDEPENDENT DIRECTORS[1]			ATTENDANCE RATE		
80% 2016	VS	80% 2015	**100%** 2016	VS	100% 2015

MEMBERS AS AT DECEMBER 31, 2016

- Mr. Ladreit de Lacharrière * (Chairman)
- Mr. Belda *
- Ms. de La Garanderie *
- Mr. Lagayette *
- Mr. Vial

* *Independent Director*

Composition

The internal rules detail the principles of composition of the Appointments and Governance Committee.

Internal rules of the Board of Directors concerning the composition of the Appointments and Governance Committee

The composition of the Appointments and Governance Committee is as follows:

- a majority of Independent Directors;
- a Chairman appointed among the Independent Directors.
- the Chairman and Chief Executive Officer may not be a member of this committee.

Missions

Internal rules of the Board of Directors concerning 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 (whether a separate person or not) and the executive officers;
- making all proposals to the Board of Directors regarding appointment of the Chairman of the Board of Directors, the Chief Executive Officer (whether a separate person or not) and the executive officers in compliance with that procedure;
- deciding whether to renew executive officers whose terms of office are expiring, taking into account in particular the pattern of shareholdings in the Company, the balance between men and women 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 executive officer in the event of unforeseen vacancy, in line with a succession plan developed beforehand by the committee;
- making all proposals concerning the chairmanship, composition and duties of the different committees;
- monitoring corporate governance issues and ensuring compliance with the Afep/Medef Code;
- pointing out, as the case may be, the Afep/Medef Code recommendations that have not been applied and explaining the reasons therefore in a clearly stated, 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 a provision or the interpretation of said code;
- examining the part of the report of the Chairman of the Board of Directors referred to in Article L. 225-37 of the French Commercial Code relating to the composition of the Board and to the application of the principle of balanced representation of men and women on the Board, and the manner of preparing and organizing the proceedings of the Board;
- drawing up, each year, with the assistance (where necessary) of an organization outside the Company, an assessment of the composition of the Board, the manner of preparing and organizing the Board's proceedings, and, where applicable, proposing amendments.

Overview of activity

The committee met five times in 2016. The attendance rate was 100% (for details, see section 3.3.3.2).

In particular, it discussed:

- the renewal, at the General Meeting of April 29, 2016, of Mr. Desmarest's term as director;
- the appointment of a new director, Ms. Qiu;
- the continued effort being applied to increase the proportion of female directors on the Board of Directors in light of the forthcoming renewal of directorships;
- the annual evaluation of the Board of Directors, as part of a self-assessment (see section 3.1.1.6);

(1) The directors representing employees and the director representing employee shareholders are not taken into account when calculating the independence rate, in accordance with the provisions of the Afep/Medef Code.

- the review of the list of independent directors pursuant to the criteria set out in the Afep/Medef Code and, in particular, the criterion relating to significant business ties;
- the cooptation of Ms. Serizawa;
- the merger of the International Strategy Committee and Industrial Strategy Committee into an International and Industrial Strategy Committee;
- the composition of the committees of the Board of Directors;
- the implementation of order no. 2014-948 of August 20, 2014 relating to governance and transactions on the share capital of companies with public shareholding and the related amendment to the Company's by-laws that will be submitted to the vote of the General Meeting of June 15, 2017; and
- the succession plan for the Chairman and Chief Executive Officer.

4. INTERNATIONAL AND INDUSTRIAL STRATEGY COMMITTEE

Upon proposal of the Appointments and Governance Committee, the Board of Directors decided on February 11, 2016 to merge the International Strategy Committee and the Industrial Strategy Committee into an International and Industrial Strategy Committee.

NUMBER OF MEMBERS	NUMBER OF MEETINGS
7 *2016*	2 *2016*
PERCENTAGE OF INDEPENDENT DIRECTORS(1) 66.6% *2016*	ATTENDANCE RATE 87.5% *2016*

MEMBERS AS AT DECEMBER 31, 2016

- Mr. Desmaret * (Chairman)
- Mr. Belda *
- Mr. Faure
- Mr. Gentil
- Mr. Ostertag
- Mr. Personne
- Mr. Barrat

* *Independent Director*

Composition

The internal rules detail the guidelines for the composition of the Industrial and International Strategy Committee.

Internal rules of the Board of Directors concerning the composition of the Industrial and International Strategy Committee

The composition of the Industrial and International Strategy Committee is as follows:

- directors chosen for their awareness of issues relating to the Company's international development and/or for their expertise in the industrial sector;
- a Chairman appointed among the independent directors.

Missions

Internal rules of the Board of Directors concerning the missions of the Industrial and International Strategy Committee

The missions of the International and Industrial Strategy Committee consist of:

- studying the strategic development lines proposed by the Chairman and Chief Executive Officer regarding the industrial and international development of the Company and the Alliance, including the social and environmental impacts of those orientations;
- reviewing industrial capacity projects;
- reviewing the Group's main installations and expansion and/or reduction projects, the competitiveness of the manufacturing sites and their supplier base, regardless of their geographical location;
- examining the main strategic policy lines by preparing the decisions for discussion by the Board of Directors;
- examining strategic agreement plans, partnerships and external acquisition or disposal transactions having a significant impact on the Group's strategy;
- examining major vehicle and engine projects at the time when those projects are undertaken;
- following up on the Group's strategic projects to keep the Board informed of them.

Overview of activity

For its first year of operation, the committee met twice in 2016. The committee intends to reach a frequency of three to four long-duration meetings per year in order to examine subjects in depth. The attendance rate was 87.5% (for details, see chapter 3.3.3.2).

The committee dealt with:

- the Company's operations in Russia and the development of the strategy in that country; and
- developments in electric vehicles and emissions.

(1) The directors representing employees and the director representing employee shareholders are not taken into account when calculating the independence rate, in accordance with the provisions of the Afep/Medef Code.

3.1.1.6 ASSESSMENT OF THE BOARD OF DIRECTORS

The Board of Directors conducts an annual assessment of its operation in order to improve the efficiency of its work and, a formal assessment at least once every three years with the help of external consultants. This formal assessment was carried out during 2014.

For 2016, the Board conducted a self-assessment of its organization and operation, as well as that of its committees, and devoted an agenda item of its meeting held on December 12, 2016 to a debate on the subject, led by the Chairman of the Appointments and Governance Committee, Mr. Ladreit de Lacharrière. This self-assessment focused on the following points in particular: the role and composition of the Board, the independence of directors, the organization of Board meetings, and the relations with the senior management.

The assessment revealed that the structure and operation of the Board and its committees were well regarded, with high-quality debate and independence of Directors emerging as its key strengths. Directors also underlined:

- the quality of the Board's work, thanks to the involvement of all of the directors and the diversity of their profiles. Despite a high number of directors and dense agendas, directors emphasize the richness and effectiveness of their discussions, in which everyone can express themselves freely; and
- the importance of the informal lunches after Board meetings, which are always very much appreciated and considered as privileged times for discussion with the members of the Group Executive Committee.

Two areas for improvement have been identified for future years:

- the opportunity to accentuate the internationalization and the increased representation of women on the Board, and to make the Board more open to younger people and those with more industrial profiles; and
- more in-depth discussion of certain subjects, in particular as part of the work of the Board's Committees (HR, CSR, ethics).

Finally, the Board noted the taking into account of the comments made by the directors during the 2015 evaluation, including:

- increased representation of women on and internationalization of the composition of the Board, through the appointment of Ms. Qiu at the 2016 Annual General Meeting; and
- the merger of the International Strategy and Industrial Strategy Committees in order to optimize the work of the committees and the Board in terms of strategy;
- It shall be noted that within the framework of the assessment of the Board for 2016, the Appointments and Governance Committee valued the individual contributions from each director.

3.1.1.7 IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" PRINCIPLE

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the Company states that it voluntarily refers to the Afep/Medef Corporate Governance Code of listed corporation the recommendation of which it follows.

Pursuant to the "comply or explain" principle provided for the recommandation 27.1 of the Afep/Medef Corporate Governance Code of listed corporations, the provisions of the said code which have been disregarded as well as the explanations thereof are summarized in the below table;

Recommendation of the Afep/Medef Code	Comment
Independence of directors: Article 8.5: independence criteria for directors: The independence criteria contained in the code include "not having been a director of the Company for more than 12 years".	The Board of Directors has decided not to retain the criterion for independence of the Afep/Medef Code concerning to the term of office of Mr. Ladreit de Lacharrière and Mr. Riboud. The Board noted, however, during its meeting he ld on February 9, 2017, that the independence rate of the Board remained, in any event, higher than 50%, even after having removed these two directors from the list of independents. The Board is therefore compliant with recommendation 8.3 of the Afep/Medef Code (independence rate: 66.7% including Mr. Ladreit de Lacharrière and Mr. Riboud; 53.3% excluding Mr. Ladreit de Lacharrière and Mr. Riboud). • **Independence of Mr. Ladreit de Lacharrière** At its meeting on February 9, 2017, the Board of Directors examined the independence of Mr. Ladreit de Lacharrière in light of the criteria set out in the Afep/Medef corporate governance code of listed corporations, as revised in November 2016. On that occasion, the Board noted that Mr. Ladreit de Lacharrière fulfills all of the independence criteria laid down in the Afep/Medef Code, with the exception of the term of office. Indeed the Afep/Medef Code recommends that directors whose term of office exceeds 12 years should no longer be regarded as independent. The Board nevertheless held that this criterion should be rejected in the case of Mr. Ladreit de Lacharrière. Mr. Ladreit de Lacharrière does not hold any office, executive or otherwise, in a company in Renault's scope of consolidation. Furthermore, he is not an employee, an executive officer or a Director of a company in Renault's scope of consolidation. In addition, Mr. Ladreit de Lacharrière is a leading figure in the business world and a senior manager in large international groups with no significant relationship with Renault, thus guaranteeing his professional and financial independence from Renault. Moreover, the various directorships held by Mr. Ladreit de Lacharrière offer him a perspective and a strategic vision that enrich the discussions of Renault's Board of Directors. The objectivity and independence of mind that Mr. Ladreit de Lacharrière has always showed during the meetings of the Board of Directors, as well as his ability to defend his opinions with force and conviction, were hailed by the other Members of the Board, and made him worthy of appointment to the Chairmanship of the Appointments and Governance Committee. Lastly, Mr. Ladreit de Lacharrière has acquired a thorough knowledge of the Group and an undeniable experience during his successive terms as a Director of Renault, enabling him to understand the challenges facing Renault and the Alliance and appreciate their full scope and thus contribute effectively to the work of the Board of Directors, in the sole interest of the Group. For all of these reasons, the Board of Directors has concluded that Mr. Ladreit de Lacharrière is an Independent Director. • **Independence of Mr. Riboud** At its meeting on February 9, 2017, the Board of Directors reviewed the situation of Mr. Riboud with regard to the director independence criteria of the Afep/Medef Code. On that occasion, the Board noted that Mr. Riboud meets all of the code's criteria except that relating to the duration of his term. To ensure the independence of directors, the Afep/Medef Code recommends limiting the period a director may sit on the Board to 12 years. The Board nevertheless concluded that Mr. Riboud's term was not such as to call into question his independence. Indeed, Mr. Riboud exercises no functions within the Group and has no particular interests or special relationships linking him to Renault. The experience of Mr. Riboud as executive officer of Danone is an indicator of his skill and significant contribution to the discussions of the Board. His experience in international development, particularly in Asia, is a major asset for Renault's expansion. His experience and natural authority also allow Mr. Riboud to speak and express his opinions freely. This authority and freedom have not been diminished by the years he has served as a director, but are, on the contrary, a guarantee of independence. Accordingly, the Board concluded that the length of term criterion was not relevant concerning Mr. Riboud and decided not to apply this criterion.

3.1.1.8 PROCEDURES FOR SHAREHOLDERS TO TAKE PART IN ANNUAL GENERAL MEETINGS

Article 21 of the Company's Articles of Association sets forth the procedures for shareholders to take part in General Meetings. These procedures are summarized in chapter 5, "Renault and its shareholders" (see section 5.1.2.2).

Factors that may be material in the event of a public tender offer, as stipulated in Article L. 225-100-3, are described in section 5.2.6.3.

3.1.2 Principles and rules adopted by the Board of Directors for the compensation of the Executive Officer ♦

(See section 3.3.1.)

3.1.3 Role of the executive bodies and committees ♦

3.1.3.1 EXECUTIVE BODIES AS AT APRIL 1, 2017

(See section 1.1.2)

3.1.3.2 ROLE OF THE EXECUTIVE BODIES

Management Committees operating at two levels oversee the Group's operations:

- level 1 committees, whose scope covers the entire Group, include notably:
  - the Group Executive Committee (GEC), which is in charge of strategic orientations and decisions,
  - the overseing of operations and controls of the execution from the Group Executive Committee are carried through the monitoring budget commitments and strategic objectives as well as through the control of policies and operations in the Regions, programmes and corporate functions,
  - the monthly "Operational Review" Committee, headed by the Chairman and CEO,
  - specialized committees (e.g. product/project committees) headed by the Chairman and CEO, who may delegate this to the Chief Competitive Officer. They make decisions at Group level as well as in the Group's cooperative undertakings within the Renault-Nissan Alliance (including with AVTOVAZ and Daimler);
- level 2 committees, which are specialized by general management area or by function (for example, engineering and quality, planning, products, programmes, manufacturing and logistics, sales and marketing, purchasing, design, legal, risks, ethics and compliance, Office of the CEO, etc.) or by Region.

The operating rules and characteristics of these committees – name of the committee Chairman and membership, frequency, length and agenda of meetings, reporting methods, communication of decisions, and the archiving of minutes – are formally recorded in a standardized catalogue.

There is a Regional Management Committee (RMC) for each Region (Europe, Africa-Middle East-India, Americas, Asia-Pacific and Eurasia). Each RMC is made up of representatives of the corporate functions and vehicle programmes as well as managers from the main countries in each Region.

The Programme departments correspond to segments of the automotive range. The Programme departments are assigned long-term profitability objectives for the life-cycles of the products they develop, manufacturing and market. They receive support from the Regions and corporate functions.

3.1.4 Ethics policy ♦

3.1.4.1 OBJECTIVES AND GUIDELINES

The ethics policy aims to:

- promote ethical values within the Group;
- implement a comprehensive and active anti-corruption policy within Renault;
- protect employees, customers and shareholders;
- protect the Group's image and assets;
- promote global citizenship by helping establish loyal and fair relationships with its economic partners (suppliers, etc.);
- encourage these, and in turn their own partners, to comply with shared ethical criteria (fundamental social rights, etc.).

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. Their aim is to explicitly set out both what employees must and must not do.

♦ *GRI [G4-34, G4-LA12, G4-56]*

3.1.4.2 ACTORS AND BODIES

The Ethics Director of the Group, who is responsible for this policy, reports directly to the Chairman and Chief Executive Officer (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 people in particular to implement his/her duties:

- the Ethics Officers already in place in Algeria, Argentina, Brazil, Chile, China, Columbia, India, Iran, Mexico, Morocco, Portugal, Romania, Russia, Slovenia, South Korea, Spain and Turkey. 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);
- to meet the challenges of the digital transition of Renault and its products, the activities associated with data protection have been brought together within the Legal department. The aim is to reinforce legal security for business activities and projects in the context of the implementation of the new European legal framework for data protection. With this aim, the Data Protection Officer (*correspondant informatique et liberté*, CIL), responsible for ensuring that Renault meets its commitment to respect the privacy and personal data of its employees and customers, in particular, and that it meets its associated legal and regulatory obligations, now reports to the Legal department in a new department responsible for personal data, and Renault's digital activities and connected services;
- two facilitators whose mission in France is to create the conditions required to resolve any conflicts between employees and to offer a confidential, neutral and friendly listening environment.

The Ethics Director directs the Group's ethics policy with the support of the following bodies:

- the Ethics and Compliance Committee (*Comité d'éthique et de conformité*, CEC), over which he/she presides, includes representatives of the following functions and departments: audit, risk management and organization, legal, Human Resources, corporate social responsibility, environment, Group prevention and protection, internal control, finance, technical regulations and certification, IT security, occupational health, as well as representatives from the Group's operational departments (Purchasing, Sales & Marketing, Chief Performance Officer). It reports on cases examined and requests opinions on draft texts and provisions to reinforce ethics and compliance;
- the Fraud and Anti-Corruption Committee (*comité anti-fraude et corruption*, CAFC), presided by the Ethics Director, includes the following members from the CEC: legal, human resources, group prevention and protection, internal control and audit. It examines the individual cases notified to the Ethics Director and jointly defines the action to be taken. The committee met eight times in 2016;
- the local Ethics and Compliance Committees (*Comité d'éthique et conformité*, CECP), led by the corresponding country Ethics Officer, implement the tasks and decisions of the Group Ethics and Compliance Committee, with the approval and support of the Ethics Director as the leading authority.

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.

3.1.4.3 ASSESSMENT AND OUTLOOK ♦

In 2016, the Ethics Director had regular meetings with the Chairman and CEO and submitted an activity report to the President of the Audit, Risks and Ethics Committee on eight occasions, including twice with the full committee present. He also provided an update on the progress of the deployment of the Group's ethics policy: a Group committee for which he also led a raising-awareness day.

In the year just ended, the Ethics department handled 114 ethical cases, including 40 as a preventative measure and 29 proven cases of infringement of the Group's rules and values.

Training on the Renault ethics and anti-corruption policy has already been rolled out to over 54,200 employees across 18 countries. France, Romania, India and Spain had the highest number of managers trained.

In April 2016, a two-day seminar, organized by the Ethics department and wound up by a presentation from the Chairman and CEO, brought together the Ethics Officers from the various countries to enable them to acquaint themselves with corporate guidelines and share their best practices.

The e-learning program "Doing business without corruption", created in collaboration with the NGO Transparency International, is available to employees on the Groupe Renault intranet.

The following issues will be developed in 2017:

- consolidation of the anti-fraud and anti-corruption policy: in application of the law on transparency, the fight against corruption and the modernization of economic life, on December 9, 2016, a corruption prevention guide for Groupe Renault will be finalized and made available. This guide also builds on the due diligence process (Third Party Integrity Management) to enable the Group to protect itself, in relation to our current and future partners, against the risks of fraud and corruption;
- continuing to spread appropriate ethical behavior thanks to new employee training;
- development of the preventive and advisory role of the Ethics department;
- reinforcement of the corporate role of the Ethics department in the various countries.

♦ *GRI [G4-HR3, G4-SO4, G4-SO5]*

3.1.5 Group internal control and risk management system ♦

3.1.5.1 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.

3.1.5.2 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 its own internal control and risk management systems in accordance with Russian legislation. At the end of December 2016, Groupe Renault acquired a controlling interest in the Alliance Rostec Auto b.v. company, an AVTOVAZ shareholder, which led to the full consolidation of this group. The AVTOVAZ group launched a process to progressively harmonize its systems with those of Groupe Renault, in order to reach the same level as soon as possible in accordance with the principles described in the following chapter.

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 3.1.7 "Sales Financing". RCI Banque is subject to controls by the French Prudential Supervisory Authority (ACPR) and the European Central Bank (ECB).

3.1.5.3 ORGANIZATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The overall internal 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 efficiency, 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) outlined in section 3.1.4.2. 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.

♦ *GRI [G4-56]*

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.

3.1.5.4 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.

Groupe Renault's Automotive division is organized 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 defines the policies, and supplies the appropriate standards, methods and skills to the programs and Regions;
- the "programs" axis is responsible for the life-cycle of the vehicles and related services at a global level. Programs develops the vehicle ranges and controls their profitability.

The AVTOVAZ group has management autonomy and has implemented its own internal control and risk management systems in accordance with Russian legislation.

Sales financing has its own internal control and risk management systems and organization, as outlined in chapter 3.1.7.

3.1.5.5 GUIDELINES FOR THE INTERNAL CONTROL SYSTEM

INTERNAL DELEGATIONS AND SEPARATION OF POWERS

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 the personnel over 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 functions 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 conduct. The Internal Control department has distributed guidelines entitled "Minimum Control Standards", which lists the main controls to be performed and incorporated into the operational staff's control activities.

3.1.5.6 SCOPE

The internal control system applies to the parent company and all fully consolidated companies excluding AVTOVAZ, of which control was gained in December 2016. 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.

3.1.5.7 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 functions, the Renault internal control system is implemented in accordance with the three lines of defense set out in section 3.1.5.3:

- 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 project manager 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 Internal 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 the Automotive branch of Groupe Renault. They may also be performed on converged companies of Renault/Nissan subsidiaries.

Internal Audits are certified by the French Institute of Audit and Internal Control (IFACI)[1], in accordance with the standards for the professional practice of internal auditing (*référentiel professional de l'audit interne*, RPAI) comprising 25 general requirements divided into 100 detailed requirements across six categories: positioning, planning, steering, GRC (governance, risks and conformity) programs, professionalism, performance and processes.

The audit plan is prepared annually. This annual audit plan is reviewed as and when required and is based on the Group's risk mapping.

Audit types:

- compliance audit to control the implementation or application of internal and external guidelines;
- efficiency audit to 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 efficiency of risk management plans;
- fraud audit to assess any process that carries a risk of fraud or to perform specific investigations following an alert;
- follow-up audit to verify the implementation of action plans drawn up by management following a prior audit which produced an "insufficient" rating.

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.

3.1.5.8 ASSESSMENT AND OUTLOOK

In 2016, the work of the Internal Control department focused on the following points:

- coordination of the anti-fraud system following the initiatives launched in 2013 including raising- awareness and training actions. In addition to reminders on the risks of external "CEO-type fraud", training on the risks of internal fraud was defined and provided to 150 people;
- following the preparation and deployment of a corruption risk map allowing for the supervision of at-risk operations, a third-party due diligence analysis system was implemented in the most exposed countries;
- to help operational staff coordinate the separation of powers, the Internal Control department has deployed a method for analyzing the separation of duties using standard matrices on the main processes at risk (accounts, stock management, purchasing, etc.). The analysis was carried out across significant Group entities and action plans are being drawn up to address the identified deficiencies. A pilot project was launched to ensure the proper separation between the purchasing, accounts and cash management information systems;
- to measure the level of deployment of the internal control system, ten criteria (training, diagnostics, coordination, application of tools, etc.) are monitored to ensure the proper implementation of the basics of internal control. In 2016, the focus was on the correct application of internal control standards (Minimum Control Standards) and the implementation of the delegation of authority within the entities;
- 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;
- prevention and detection controls were deployed through the implementation of a data-mining tool.

The priorities in 2017 will be to continue these underlying actions begun in previous years.

3.1.5.9 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 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).

3.1.6 Implementation of internal control and risk management objectives

3.1.6.1 RISK MANAGEMENT

The global risk management system has been formally set out by the Risk Management department (Direction du management des risques, DMR) in a document that outlines all of the organizational principles and methods used by the Company.

The Group applies a risk management method based partly on identifying a wide range of risks, which are then mapped, and partly on carrying out action plans to deal with these risks 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 employees 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 employees 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 1.5. Analysis is performed based on the type of risks within the Group (the Risk Universe):

- risks linked to strategy;
- risks linked to governance;
- cross-group operational risks;
- risks linked to the definition of the product, service;
- risks linked to the design of the product, service;
- risks linked to purchasing;
- risks linked to upstream logistics;
- risks linked to manufacturing;
- risks linked to downstream logistics;
- risks linked to the sale of products and services;
- financial risks;
- quality risks;
- Human Resources risks;
- IT risks;
- legal risks.

It should be noted, in addition, that the risks associated with climate change, in accordance with the provisions of law no. 2015-992 on energy transition for green growth, is covered in chapters 1.5.1.2 and 2.6.3.1 (climate risks, natural events, adaptation to the consequences of climate change).

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 DMR with insight on the effective level of control of major risks.

3.1.6.2 ASSESSMENT AND OUTLOOK

In 2016, the Risk Management department focused its activities on:

- updating of the mapping of the Group's major risks. This exercise was carried out in close cooperation with the preparations for the Group's next strategic plan so that the Group could integrate action plans to address identified risks right from the start;
- the strengthening of processes to improve the management of major risks identified previously;
- the coordination of new processes arising from the risk mapping carried out in the operating entities (countries, plants, commercial);
- methodological assistance in the implementation of country, industrial site and commercial subsidiary risk mapping, carried out with the operational risk managers of the relevant entities;
- assistance to the Program departments in creating risk mapping for priority vehicle projects and to operating entities in mapping major risks linked to their operations.

Furthermore, measures to raise employee awareness of the risk culture continued (communication and training).

In 2017, the Risk Management department's activities will continue to focus on these priority issues.

3.1.6.3 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, Human Resources, 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 all areas subject to regulation. 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 chapter 1.5.1.1).

This method has been applied to all areas subject to regulation and is regularly updated to assess the level of risk control and its severity. The frequency of the assessments, between six months and three years, depends on the severity of the risk and level of control in the previous assessment.

The system as a whole is managed by the internal monitoring procedure of the Regulatory Compliance department.

3.1.6.4 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, the vehicle program risk mapping, self-assessment questionnaires and performance reviews.

3.1.6.5 QUALITY AND RELIABILITY OF FINANCIAL, ACCOUNTING AND MANAGEMENT INFORMATION

For Groupe Renault excluding the AVTOVAZ group (fully consolidated from 31 December 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, recognized by full consolidation 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 programs 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 the documentation is available to staff in all the Group's entities through the intranet portal for the management, internal control and risk management functions. 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 close.

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 accounting rules. Company employees are regularly informed of changes and updates to IFRS.

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 have worked 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

In connection with legal audit, Renault took the initiative in 2004 of drafting a Charter concerning the engagements and independence of the statutory auditors and signing it 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, the Groupe Renault has turned over all of the Group's financial communication to the Financial Relations department in the Financial department and given it the resources 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 financial reports and quarterly data as well as the filing of the RD with the AMF.

3.1.7 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 Management Committees 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 2014, in accordance with the application of CRD IV, Group monitoring was reinforced by separating the functions of Chairman and CEO. A Risk Management department was also created to replace the risk function,
  - since 2015, to reinforce monitoring even further, the Board of Directors relies on 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 entire group 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. Being primarily operational, first-level control is carried out by process owners in each subsidiary, who have been specially trained for this purpose. It covers all main risks;
- line 2 is led by the Permanent Control department and coordinated by the local Internal Controllers. These Internal Controllers are independent of operating units and carry out inspections to ensure that operations are lawful and compliant;
- 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 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, which identifies major operating risks. 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 operating 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, leadership 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);
- the key risk indicators monitor the development of certain critical operating risks in order to implement, depending on the alert threshold fixed, preventive actions before incidents occur. These indicators are defined in the business and public customers, credit network, refinancing, accounting and IT processes.

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 rendered 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. 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 deployment of the strategic plan, as well as reviewing and signing off on various strategic projects;

- **The Executive Committee**, in charge of the group's Senior Management, 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 CEO 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).

3.2 Statutory Auditors' report, prepared pursuant to Article L.225-235 of the French Commercial Code ("*Code de commerce*"), on the Report of the Chairman of the Board of Directors of the Company Renault

For the year ended 31 December 2016

This is a free translation into English 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 auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Renault, and pursuant to the provisions of Article L.225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report on the report prepared by the Chairman of your company in accordance with the provision of Article L.225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of the French Commercial Code particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

Paris La Défense, March 21, 2017

The statutory auditors
French original signed by

KPMG Audit
A division of KPMG S.A.

ERNST & YOUNG Audit

3.3 Compensation of executive officers ♦

As stated in the preamble of chapter 3 of the Registration Document, and pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Company has opted to voluntarily follow the Afep/Medef Corporate Governance Code of Listed Corporations as revised in November 2016.

3.3.1 Principles and rules adopted by the Board of Directors for the compensation of the executive officer

Every year, the Board of Directors sets out the compensation to be paid or awarded to the executive officer, upon proposal of the Compensation Committee.

The Compensation Committee, comprised primarily of Independent Directors and chaired by Mr. Patrick Thomas, regularly examines the Company's compensation policy during its meetings. The Compensation Committee's recommendations take into account the balance between the various compensation components for the executive officers.

In order to determine the compensation of the executive officer in light of market practices in order to guarantee the competitiveness of its compensation, the Compensation Committee, assisted by a specialized consultancy firm, studies the components of compensation due or awarded by comparable companies to their Chief Executive Officers on an annual basis. This analysis is based primarily on a panel of CAC 40 companies that are leading French companies and a reference for the Company's shareholders, as well as the practices of comparable international groups in the automotive sector.

Following the negative opinion during the Annual General Meeting held on April 29, 2016 as regards the compensation components to be paid or awarded to the Chief Executive Officer for financial year 2015, the Compensation Committee met on a number of occasions in 2016 in order to determine the reasons the vote was negative and the expectations of shareholders and investors regarding the components of the executive officer's compensation.

Mr. Patrick Thomas, Chairman of the Compensation Committee, wanted to report on the results of this work - which has led to recommendations being made to the Board of Directors to simplify the executive officer's compensation structure and improve its transparency - in a letter addressed to the Company's shareholders.

♦ *GRI [G4-51, G4-52]*

3.3.1.1 CHAIRMAN OF THE COMPENSATION COMMITTEE'S LETTER

Madam, Sir, Dear Shareholder,

During the Combined General Meeting of April 29, 2016, you expressed a negative opinion on the compensation components due or awarded to the Chairman and Chief Executive Officer for financial year 2015.

Following this opinion, the Board of Directors immediately tasked the Remuneration Committee with examining and proposing advisable changes to the Chairman and Chief Executive Officer's compensation structure for financial year 2016.

In this context, the Compensation Committee met on a number of occasions in 2016 to determine the reasons your vote was negative and your expectations regarding the Chairman and Chief Executive Officer's compensation.

To this end, the Compensation Committee met with shareholders, institutional investors and proxy agencies to obtain a precise and representative opinion of all shareholders on Renault's compensation policy. Since the General Meeting of April 29, 2016, more than fifteen meetings have been held with shareholders, which subsequently proved essential to the formulation of the Committee's recommendations to the Board of Directors.

Furthermore, the Compensation Committee appointed a leading global Human Resources consultancy firm with the task of providing the members of the Committee with an in-depth analysis of compensation policies of similar CAC 40 companies and European or international automotive groups, with a view to gaining a better understanding of current market competition trends.

The Compensation Committee also took into account the exceptional performance achieved by Groupe Renault since the implementation of the "Drive the change" plan.

It should be noted that over the last three years, the Group's revenues have increased from €41 billion as of December 31, 2013 to €51 billion as of December 31, 2016, while the Group's operating margin increased from 3.0% to 6.4%. The dividend was increased from €1.90 for financial year 2014 to €3.15 proposed for financial year 2016. Finally, the stock price increased from €58.45 as of December 31, 2013 to €84.51 as of December 30, 2016.

As a result of these various elements, the Compensation Committee recommended to the Board of Directors to simplify the compensation structure for the Chairman and Chief Executive Officer as well as to improve its transparency.

More specifically, four fundamental changes were proposed to the Board of Directors.

First, the Committee recommended a reduction in the target percentage for the variable portion of 30 points, so that it represents 120% of the fixed compensation (compared to 150% previously). In this context, the weighting of the quantitative criteria, *i.e* return on equity, the Group's operating margin and the free cash flow, were modified to reach 70% of the annual variable portion (compared to 60% previously). Moreover, the number of qualitative performance criteria has been reduced from six to four, in order to simplify the compensation structure and make it easier to comprehend.

Furthermore, the Compensation Committee recommended that the Board remove any adjustment to the variable portion amount paid on a deferred basis to the Chairman and Chief Executive Officer. The payment of the variable portion henceforth only being subject to a presence condition. The Committee considered that this measure will make the variable portion amount more transparent and easier to understand. Indeed, in the absence of any adjustment, the number of shares granted can be communicated to shareholders as soon as the deferred variable portion is awarded, unlike previously. As a reminder, 25% of the variable portion is paid immediately in cash, while 75% is paid in shares on a deferred basis.

Finally, as regards the Chairman and Chief Executive Officer's long-term compensation, which is composed of the award of performance shares, the Committee ensured that, in the event of under-performance, the Chairman and Chief Executive Officer would not receive any long-term compensation.

More generally, the Committee suggested that the transparency of the Chairman and Chief Executive Officer's compensation should be reinforced, (i) *an ex ante* by communicating the various payout thresholds attached to each quantitative performance criterion, and (ii) *an expost* by providing the objectives attached to each of the financial performance measures.

The Board of Directors reacted favorably to these recommendations and approved them during its meeting of July 27, 2016. It then set the compensation elements to be due or awarded to the Chairman and Chief Executive Officer for financial year 2016, based on these new founding principles.

The Compensation Committee deemed that the changes made to the Chairman and Chief Executive Officer's compensation structure have fulfilled the shareholders' expectations, particularly as they significantly improve its transparency.

The Compensation Committee would like to reiterate its commitment to best market practices concerning compensation policy. It remains particularly mindful of shareholders' expectations, legal and regulatory requirements, the Afep/Medef Corporate Governance Code of listed corporations and the compensation policies of similar French or international companies. Consequently it frequently monitors the compliance of Renault's compensation policy with these various interests and requirements.

Sincerely yours,

Patrick Thomas

Chairman of the Compensation Committee

3.3.1.2 PRINCIPLES RELATING TO THE COMPENSATION POLICY FOR THE EXECUTIVE OFFICER

The compensation policy for the executive officer is defined pursuant to market practices, and is based on six simple, consistent and transparent principles:

1.	**A close link to the Company strategy**	• The compensation is closely linked to the implementation of and the results of the strategy.
2.	**A performance-based perspective**	• The variable component portion of the executive officer's compensation is high compared to market practices in order to ensure that the executive officer's interests are aligned with the Company performance • No variable compensation is granted in case of underperformance.
3.	**Focus on long-term performance**	• The largest part of the executive officer's compensation is dependent on the achievement of multi-annual targets.
4.	**Stronger alignment with shareholders**	• The number of performance shares awarded to the executive officer is expressed as an absolute number rather than as a percentage of salary, such that both increases and decreases in the stock price impact the corresponding total value. • The executive officer must keep 25% of shares acquired under performance share plans until the end of his term. • The payment of 75% of the variable portion is deferred through the allocation of shares after a three-year period.
5.	**Competitive compensation**	• There is high competition for executives on the automotive market. It is therefore crucial to ensure that the overall compensation of the executive officer is competitive compared to the practices of Company's peers, whether they are French CAC 40 companies or, more generally, comparable companies within the European and global automotive industry.
6.	**Compensation that does not encourage excessive risk-taking**	• The calibration of performance objectives, their lengthy valuation period and the cap on compensation make it possible to avoid excessive short term risk-taking.

These principles have been set in accordance with the recommendations of the Afep/Medef Corporate Governance code of listed corporations, which the Company has opted to voluntarily follow pursuant to Article L. 225-37 of the French Commercial Code.

More generally, the Compensation Committee regularly ensures that the executive officer's compensation policy is compliant with applicable laws and corporate governance requirements.

3.3.2 Compensation and benefits of the executive officer

The compensation policy for the Chairman and Chief Executive Officer breaks compensation down into:

- **a fixed portion** corresponding to a fixed compensation in cash defined according to the role, the level of responsibility and experience of the executive officer;
- **a variable portion** consisting of two separate components:
  - **an annual variable compensation** designed to make a portion of the executive officer's compensation dependent on the achievement of the Company's main operational, financial and managerial objectives; 25% of such compensation is paid immediately in cash and the balance in shares on a deferred basis whose payment is subject to a presence condition,
  - **a long-term variable compensation** in the form of performance share grants intended to align the interests of the executive officer with those of the shareholders by making their vesting subject to the achievement of performance criteria assessed over a cumulative period of three years, such as company profitability and growth; in addition to performance criteria, the vesting of the shares is subject to an additional four-year presence condition.

In addition to these compensation components, the Chairman and Chief Executive Officer benefits from a **top-up pension scheme plan** and has entered into a **non-competition agreement** with the Company.

As director, the Chairman and Chief Executive Officer receives **directors' fees**. He receives no compensation for his functions as Chairman of the Board of Directors.

In accordance with the recommendations of the Afep/Medef Corporate Governance Code of listed corporations and the recommendations of the French Financial Markets Authority (AMF), the Chairman and Chief Executive officer does not hold an employment contract with the Company.

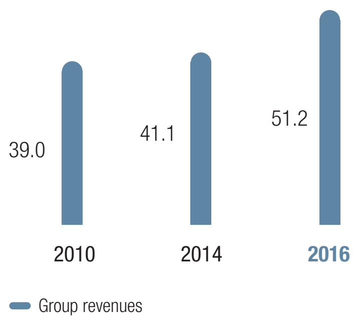
3.3.2.1 2016 COMPONENTS OF COMPENSATION

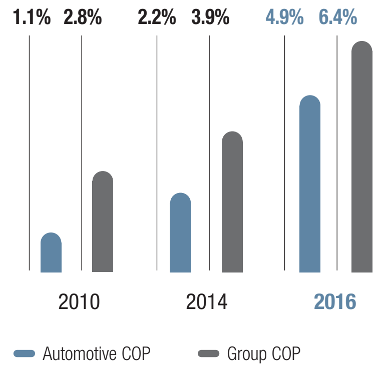
The components of the Chairman and Chief Executive Officer's compensation due or awarded in respect of financial year 2016, which will be submitted to the shareholders' opinion at the Annual General Meeting of June 15, 2017, are detailed below and summarized in section 3.3.2.2 of the Registration document.

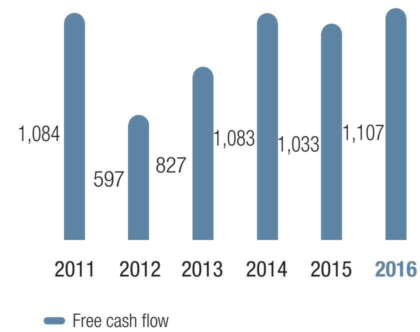
These components of compensation must be assessed in light of the financial results of Groupe Renault for the financial year ended December 31, 2016. Financial year 2016 saw another record performance for Groupe Renault, with revenues of €51,243 million and its highest ever operating margin of 6.4%.

GROUPE RENAULT RECORD PERFORMANCE DURING 2016

Financial year 2016 was a record year for Groupe Renault. All of the key objectives of the "Drive the Change" plan launched in 2011, namely revenue growth, operating profitability and operational free cash flow, were exceeded ahead of schedule.







Driven by the dynamism of the "Drive the Change" plan, the Group achieved a new sales record and became, with 3.18 million vehicles registered in 2016 (representing an increase of 13.3% compared to 2015), the largest French automotive group in the world. This is the first time that the threshold of 3 million units sold has been reached.

In financial year 2016, volumes and market shares grew in all Regions, despite sometimes difficult economic conditions in certain key markets.

In Europe, in a favorable market recovery, Groupe Renault increased its sales by 11.8% to achieve a market share of 10.6%. Outside Europe, Groupe Renault continued to expand, with sales growth of 15.3%.

This success is due in particular to the success of the models launched in these various Regions and the expansion of the coverage of the segments of these markets.

Thanks to this excellent sales performance, the Company has also set new records for its main financial indicators:

- revenues increased by 13.1% to €51,243 million;
- Groupe Renault operating margin increased by 38.2% to €3,282 million (6.4% of revenues);
- Groupe Renault's net income increased by 19.7% to €3,543 million (6.9% of revenues);
- the net cash position (excluding AVTOVAZ) amounted to €3,925 million (€2,720 million with AVTOVAZ).

The generation of operational free cash flow from the automotive sector was positive for the eighth consecutive year, amounting to €1,107 million.

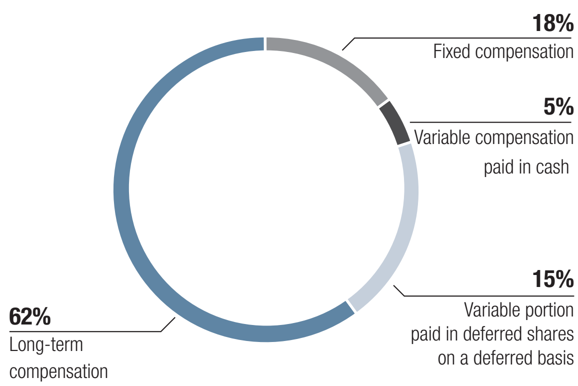
Based on these results, the Board of Directors will propose a dividend of €3.15 per share at the next General Meeting for a 31% increase over one year.

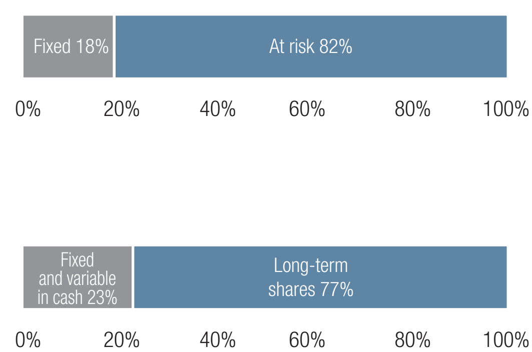
PRESENTATION OF THE COMPENSATION STRUCTURE FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR FINANCIAL YEAR 2016

Component	Terms and conditions of payment	Amounts	Performance criteria and weighting
Fixed compensation	• 100% in cash	• €1,230,000 • This amount has remained unchanged since 2011	• Not applicable
Annual variable compensation	• 25% paid in cash immediately after the decision of the Board of Directors fixing its amount • 75% paid in shares on a deferred basis and subject to a three-year presence condition	• **Target variable portion of 120%** of the fixed compensation subject to the achievement of quantitative (financial) and qualitative (managerial) performance criteria • **Additional exceptional variable portion of 60%** of fixed compensation, subject to the achievement of: - all quantitative (financial) and qualitative (managerial) performance criteria; and - additional performance criteria	• **Quantitative performance criteria (financial):** maximum 85% of the fixed compensation - return on equity rate (ROE): maximum 15%); - Group operating margin (Group OM): maximum 35%; - *free cash flow* (FCF): maximum 35%. • **Qualitative performance criteria (managerial):** maximum 35% of the fixed compensation - monitoring of the competitiveness agreement in France: maximum 7%; - quality of CSR and environmental commitments: maximum 8%; - development of Alliance partnerships and synergies: maximum 8%; - development of a multi-year R&D strategy: maximum 12%. • **Exceptional variable portion – additional performance criteria:** 60% of the fixed compensation - Group operating margin (Group OM) equal to or greater than the budget +1 point; and - free cash flow (FCF) equal to or greater than 150% of the annual budget.
Long-term compensation	• Definitive vesting of performance shares subject to a four-year presence condition and achievement of performance criteria • 25% of shares acquired must be retained until he ceases to hold office	• Award of 100,000 performance shares, subject to the achievement of performance criteria • Assessment of the achievement of performance criteria over a cumulative three-year period (2016, 2017 and 2018)	• **Performance criteria:** acquisition of a maximum of 100,000 shares (100%) - TSR *(Total shareholder return)* compared to the average TSR of the Euro Stoxx ex Financials index and the TSR of the Euro Stoxx Automobile & Parts index: 33.3% - Automotive operating margin (Automotive OM) compared to the average of the carmakers' panel: 33.3% - *free cash flow* (FCF): 33.3%

Following the assessment by the Board of Directors of the achievement of the quantitative (financial) and qualitative (managerial) performance criteria, the compensation structure of the Chairman and Chief Executive Officer for 2016 is as follows:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER COMPENSATION STRUCTURE FOR 2016





In addition to these compensation components, a non-compete agreement, approved by the Annual General Meeting of April 30, 2015, was entered into between the Company and the Chairman and Chief Executive Officer.

The Chairman and Chief Executive officer also benefits from a top-up pension scheme plan. All of the compensation components of the Chairman and Chief Executive Officer are detailed below.

FIXED COMPENSATION

The amount of the gross annual fixed compensation of the Chairman and Chief Executive Officer amounts to €1,230,000. This amount has remained unchanged since 2011.

ANNUAL VARIABLE COMPENSATION

The variable portion represents a percentage of the fixed portion, which amount is set depending on performance criteria. These performance criteria are set and their achievement is assessed by the Board of Directors upon recommendation of the Compensation Committee.

The Board of Directors, upon recommendation of the Compensation Committee, set three quantitative performance criteria (see Table A below) and four qualitative performance criteria (see Table B below).

The variable portion can represent up to 120% of the fixed portion if all performance targets are reached. If all of the criteria are met, an exceptional compensation of 60% could be allocated, thus bringing the variable portion to 180% of the fixed portion, subject to the achievement of additional performance criteria.

The payment conditions for the variable portion are as follows:

- 25% of the variable portion is paid in cash;
- the balance (75%) is paid in shares on a deferred basis, subject to a presence condition of three years within the Company.

The shares acquired by the Chairman and Chief Executive Officer are existing shares so that it has no dilutive effect for shareholders.

ACHIEVEMENT OF PERFORMANCE CRITERIA IN 2016

In order to assess the achievement rate of the performance criteria for the variable portion, it should be noted that:

- the automotive sector is a cyclical business that requires significant capital, especially for research, development of technologies and products, and for production facilities. It is therefore important to measure the profitability of the equity capital made available to the Company through the ROE and the operating margin. The generation of FCF is also a decisive indicator for measuring the Company's ability to finance its development and compensate its shareholders by paying a dividend;
- the profitability of the sector is sensitive to changes in volumes and the quality of execution of the strategic plans put in place by management. Although the Company aims to reduce its sensitivity to the automotive demand cycle, operational profitability is strongly impacted by variations in volumes, which can be sudden and erratic;
- the generation of FCF follows the same pattern and its volatility is even amplified by changes in working capital, which may represent significant amounts depending on the cycle.

In 2016, Groupe Renault achieved record sales and financial results. All forecasts communicated to the market early 2016 were exceeded, despite the sometimes challenging conditions in certain key markets of the Company. Groupe Renault's performance was among the best in comparable automotive groups in 2016.

The Company also exceeded all of the objectives defined in the 2016 budget.

On the basis of this performance, the Board of Directors, at its meeting of February 9, 2017 and upon the recommendation of the Compensation Committee, noted that the quantitative performance criteria had been achieved in full (85% out of 85%) and set the achievement rate of the qualitative performance criteria was 85.7% (30% out of 35%), i.e. an overall achievement rate of 115% (out of 120%), according to the following breakdown:

TABLE A – ACHIEVEMENT OF QUANTITATIVE (FINANCIAL) PERFORMANCE CRITERIA IN 2016

	Return on equity (ROE)	Group operating margin (Group OM)	*Free cash flow* (FCF)
Purpose	• Return on equity is a key measure to indicate the efficiency with which the Company uses the equity invested by shareholders to generate earnings growth.	• The operating margin reflects the Company's profitability. • The achievement of this objective is a key indicator of the success of the Company's mid-term strategic plan.	• A strong level of free cash flow demonstrates the strict financial discipline within the Company. • A positive automotive operational free cash flow is imposed each year and is a key driver of long-term growth and allows for dividend payments.
Weighting (as % of the fixed compensation)	• maximum 15%	• maximum 35%	• maximum 35%
Payout rate	• 0% if the return on equity is below 8%, no payout will occur • 10% if the return on equity is equal to 8% • 15% if the return on equity is equal to or greater than 10% (target and maximum) • Linear interpolation if the return on equity is between 8% and 10%	• 0% if the Group operating margin is below budget, no payout will occur • 20% if the Group operating margin is equal to budget • 25% if the Group operating margin is equal to budget +0.2 points • 35% if the Group operating margin is equal to or greater than budget +0.5 points (target and maximum) • Linear interpolation if the Group operating margin is between budget and budget +0.2 points, or between budget +0.2 points and budget +0.5 points.	• 0% if free cash flow is below budget, no payout will occur • 20% if free cash flow is equal to budget • 25% if free cash flow is equal to budget +36% • 35% if free cash flow is equal to or greater than budget +100% (target and maximum) • Linear interpolation if free cash flow is between budget and budget +36%, or between budget +36% and budget +100%.
Outcomes in 2016 and associated level of payout (as % of the fixed compensation)	• Return on equity greater than 10%, which corresponds to **15%** of fixed compensation	• Group operating margin equal to 6.4% (higher than budget +0.5 point), which corresponds to **35%** of fixed compensation • The budget OM for 2016 was 5.6%	• Free cash flow equal to €1,107 million (higher than budget +100%), which corresponds to **35%** of fixed remuneration • The budget free cash flow was €220 million

TABLE B – ACHIEVEMENT OF QUALITATIVE (MANAGERIAL) PERFORMANCE CRITERIA IN 2016

	Development of a multi-year R&D strategy	Development of Alliance partnerships and synergies	Quality of CSR and environmental commitments	Monitoring of the Competitiveness agreement in France
Purpose	• These criteria measure the Company's strategic progress in a qualitative manner, through objectives that can be assessed and measured by the Compensation Committee members. Such objectives are designed to reflect the Management's progression in building strong synergies and efficient Research & Development efforts. • The Company intends to deliver innovative products and strong returns to its shareholders, in harmony with stakeholders' interests (employees, customers, shareholders, purchasers and suppliers) and drive sustainable growth and profitability.			
Examples of indicators	• Level of investment in R&D and monitoring of Capex • Continuation of standardization policy (CMF approach – Common Modules Families) • Continuation of module roll-out policy • Product coverage by region	• Partnerships (growth in the number of projects with partners, development of synergies and cost reduction) • Alliance synergies (increase in the number of synergies, growth of main synergies)	• The quality of the environmental commitment (positioning in Europe in electric vehicles, CO_2 emissions of vehicles in Europe) • Corporate Social Responsibility (auditing of non-financial data, visibility, social impact in terms of diversity, and health safety)	• Assignments of vehicle and mechanical projects (the Company and its partners) • Assessment of production volumes assigned for 2017
Weighting (as % of the fixed compensation)	• 12% at target and maximum	• 8% at target and maximum	• 8% at target and maximum	• 7% at target and maximum
Associated level of payout (as % of the fixed compensation)	• **10%** of the fixed compensation	• **8%** of the fixed compensation	• **5%** of the fixed compensation	• **7%** of the fixed compensation

The achievement of quantitative performance criteria is assessed excluding any significant changes in the scope of consolidation, in particular AVTOVAZ.

In respect of financial year 2016, the Chairman and Chief Executive Officer's annual variable portion, set at 115% of the fixed portion, therefore amounts to €1,414,500 (compared to €1,783,500 in respect of 2015, *i.e.* 145% of the fixed portion, it being specified that for that financial year, the Chairman and Chief Executive Officer's variable portion could represent up to 150% of the fixed portion of his compensation if all of the performance criteria were met).

The Board of Directors during its meeting of February 9, 2017, upon proposal of the Compensation Committee, approved the following terms of payment of the variable portion:

- variable portion paid in cash (25% of the variable portion): €353,625;
- variable portion paid in shares on a deferred basis (75% of the variable portion): €1,060,875, converted at a stock price of €85.10 (corresponding to the average Renault share price during the 20 trading days prior to the date of the Board meeting) into 12,466 shares.

The definitive vesting of these 12,466 shares is subject to a three-year presence condition, as from the date of the Board of Directors' meeting of February 9, 2017, *i.e.* until February 8, 2020. Their value is subject to changes in the stock price, both upwards and downwards, during this period.

MULTI-ANNUAL VARIABLE COMPENSATION

The Chairman and Chief Executive Officer does not receive multi-year variable compensation.

EXCEPTIONAL COMPENSATION

The Chairman and Chief Executive Officer did not receive any exceptional compensation in 2016.

LONG-TERM COMPENSATION

In accordance with the Company's compensation principles, the Chairman and Chief Executive Officer's compensation comprises mainly a long-term compensation – which vesting is subject to performance criteria – in order to align the Chairman and Chief Executive Officer's compensation with shareholders' interests.

Since 2013, Groupe Renault has decided to no longer implement stock-option plans, but only to implement performance share plans as part of its long-term compensation.

Within this framework, performance shares are allocated to the Chairman and Chief Executive Officer.

PERFORMANCE SHARES (AUTHORIZATION GRANTED BY THE ANNUAL GENERAL MEETING OF APRIL 29, 2016)

The Chairman and Chief Executive Officer is granted performance shares, according to the same conditions as other Group executives (see section 3.3.4 of the Registration Document), subject to additional performance criteria due to his position as executive officer.

Pursuant to the authorization granted by the Annual General Meeting of April 29, 2016, the Board of Directors, upon proposal of the Compensation Committee, awarded, on July 27, 2016, 100,000 performance shares to the Chairman and Chief Executive Officer in respect of fiscal year 2016. This number, which is determined in accordance with the Company's compensation policy according to which compensation must consist mainly of shares, is unchanged from the previous year and represents an amount in line with the practices of international groups in the automotive sector.

Awards of performance share are subject to the following ceilings:

- the total number of performance shares awarded shall not exceed 1.5% of the share capital over three years, *i.e.* on average 0.5% of the share capital per year;
- the number of performance shares awarded to the Chairman and Chief Executive Officer shall not exceed 15% of total shares awarded;

Out the 100,000 performance shares awarded, the number of shares vested by the Chairman and Chief Executive Officer will depend on the achievement of the following performance criteria:

LONG-TERM PERFORMANCE CRITERIA[(1)]

	Total shareholder return (TSR)	Automotive operating margin (Automotive OM) compared to the panel average	Free cash flow (FCF)
Purpose and Operation	• TSR is the market's most prevalent criterion used to measure long-term performance. It reflects both stock price movements and dividends paid. Relative TSR demonstrates the value delivered to the shareholders, compared to the value created by alternative investments available to them. • TSR level is calculated by reference to a benchmark, which corresponds to the sum of the average TSR Euro Stoxx Auto & Parts index results and the average TSR Euro Stoxx ex Financials index results (both equally weighted).	• The operating margin reflects the Company's profitability. The achievement of this objective is a key indicator of the Company's mid-term strategic plan achievement and success. • The Automotive operating margin (Automotive OM) as a percentage compared to the average of the panel of carmakers with the same geographical and sector characteristics (PSA Auto, Fiat auto EMEA, Volkswagen Brand, Skoda Brand and the Company) allows profitable growth to be measured and understood in a competitive context that is subject to the same economic conditions.	• Free cash flow (FCF) is a key component of the Company's ability to fund the investments necessary for securing long-term growth and dividend payments.
Weighting (in % of grant)	• 33.3%	• 33.3%	• 33.3%
Payout rate	• 0% if the TSR is below benchmark • 15% if the TSR is equal to benchmark • 33.3% if the TSR is equal to or greater than benchmark +10% • Linear interpolation if TSR is between benchmark and benchmark +10% *Since this criterion is a relative one, the amount of the target is not known at this date. The Company will disclose the average figure and the associated achievement rate at the end of the performance period.*	• 0% if the Automotive OM is below average • 26.7% if the Automotive OM is equal to the average • 33.3% if the Automotive OM is equal to or greater than the average +10% • Linear interpolation if OM is between average and average +10% *Since this criterion is a relative one, the amount of the target is not known at this date. The Company will disclose the average figure and the associated achievement rate at the end of the performance period.*	• 0% if FCF is below budget • 26.7% if FCF is equal to budget • 33.3% if FCF is equal to or greater than the budget +10% • Linear interpolation if FCF is between budget and budget +10% *For reasons of commercial confidentiality, the Company does not disclose the ex-ante target figures for this criterion. However, Renault will publish the achievement rate of this criterion at the end of the performance cycle.*

(1) With the exception of the TSR criterion, which applies only to the Chairman and Chief Executive Officer, the same citeria will apply to all beneficiaries of performance shares.

These performance criteria are assessed over a cumulative three-year period (2016, 2017, and 2018) and excluding significant changes in the scope of consolidation, notably AVTOVAZ. If none of the criteria are met, no shares are granted at the end of the vesting period.

The vesting of performance shares is also subject to a four-year presence condition from the date of award, *i.e.* until 2020.

The Chairman and Chief Executive Officer is not subject to a lock-up period in respect of the plan beyond the vesting period, but he is subject to an obligation to retain 25% of the shares vested in his capacity as company officer until he ceases to hold office.

The Chairman and Chief Executive Officer has formally committed not to engage in hedging transactions on performance shares, until the end of the retention period.

HISTORICAL ACHIEVEMENT RATES OF THE PERFORMANCE CRITERIA ASSOCIATED WITH PREVIOUS LONG-TERM INCENTIVE PLANS

The table below details the achievement rates of the performance criteria by the Chairman and Chief Executive Officer under the long-term incentive plans which vesting and holding periods have been completed.

Plan for the year	LTI plan	Achievement rate (plans which performance assessment period is completed)
2011	Plan 17	Criteria not met
2011-2013	Plan 18	100%
2012	Plan 19	50%
2013	Plan 20	88.48%

In order to assess the demanding nature of the performance criteria under the long-term incentive plans, it shall be reminded that:

- the automotive sector is a cyclical business. Given the capital that must be committed to such an activity, particularly in the fields of research, development and production tools, profitability has historically seen a certain volatility;
- the Company's profitability is therefore largely dependent on the situation in automotive markets, the European market in particular and quality of execution of strategic plans.

ATTENDANCE FEES

The method of allocation of attendance fees is presented in section 3.3.3.2 of the Registration Document. As a member of the Company's Board of Directors, Mr. Carlos Ghosn received €48,000 gross in respect of financial year 2016.

BENEFITS IN KIND

The Chairman and Chief Executive Officer receives benefits in kind (company car), amounting to at €5,522 (accounting evaluation).

SEVERANCE PAYMENT AND NON-COMPETE INDEMNITY

The Chairman and Chief Executive Officer does not benefit from any severance clause.

As from in 2015, the Board of Directors authorized a non-compete agreement, the terms of which are described in the statutory auditors' report in section 4.3.2 and are summarized in the say on pay table in section 3.3.2.2 of the Registration document.

If the Board of Directors decides to implement this agreement, the Chairman and Chief Executive Officer will receive, during the two-year implementation of the agreement and provided there are no breaches of the agreement, a gross financial compensation corresponding to two years' total gross compensation (fixed and variable portions). Such financial compensation will be calculated upon the paid salary and not the theoretical salary. The Board of Directors will decide, upon Mr. Carlos Ghosn's departure, whether to enforce the said non-compete agreement and may unilaterally decide to waive the implementation of this clause.

The entering into of this non-compete agreement with Mr. Carlos Ghosn aims at protecting the Company.

TOP-UP PENSION SCHEME

The Chairman and Chief Executive Officer benefits from the collective top-up pension scheme set up for members of the Group Executive Committee. This scheme is open to new beneficiaries.

This scheme was approved by the Board during its meetings held on October 28, 2004 and October 31, 2006 and by the Annual General Meeting of April 30, 2010 (tenth resolution). This scheme was confirmed by the Board of Directors on February 12, 2014 and was approved by the Annual General Meeting of April 30, 2014 (seventh resolution).

The Chairman and Chief Executive Officer's supplementary pension scheme is comprised of (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 which amount represents 8% of the annual compensation (fixed and variable) comprised between eight and sixteen times the French annual social security ceiling (D Tranche), with 5% paid for by the Company and 3% by Mr. Carlos Ghosn.

The commitment of the Company is limited to the payment of its contribution portion to the insurance company in charge of 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, set up and funded by the Company and managed externally by an insurance company.

Entitlement to this scheme is subject to a minimum length of service condition (five years within the Company and at least two years on the Group Executive Committee) and to a presence condition of the executive officer at the time he claims his pension rights.

The reference compensation used for calculating the supplementary defined-benefit pension is equal to the average of the three highest total gross annual compensations (fixed and variable portions) in the ten years preceding retirement.

The annuity paid in respect of this pension plan amounts to 10% of the reference compensation, increased by 1.40 points per year of service in the Group Executive Committee beyond five years and 0.40 points per year of service outside the Group Executive Committee if the length of service in the Company exceeds five years.

This amount is capped at 30% of the reference compensation.

The reference compensation is capped at 65 times the French annual Social Security ceiling.

In any event, the Chairman and Chief Executive Officer's annuity shall not exceed 45% of his reference compensation. Should this cap be exceeded, the amount of the top-up defined-benefit pension annuity would be reduced accordingly.

The pension plan of the Chairman and Chief Executive Officer of the Company is competitive and in line with the practices of CAC 40 companies for their Chairmen and Chief Executive Officers.

As of December 31, 2016, the estimates corresponding to a departure at 65 years old are the following:

	Defined-contribution scheme	Top-up defined-benefit pension
Annuities	€12,893	€753,012

All estimates have been verified independently by Mercer (Marsh & McLennan Companies, Inc.) and Generali, companies outside Groupe Renault.

The Compensation Committee, in its recommendation for the overall compensation of the Chairman and Chief Executive Officer for the 2016 financial year, took into account the benefit of a top-up defined-benefit pension scheme.

3.3.2.2 SAY ON PAY TABLE (2016)

In accordance with recommendation 24.3 of the Afep/Medef Code, to which the Company voluntarily refers in application of Article L. 225-37 of the French Commercial Code, the following elements of Mr. Carlos Ghosn's compensation, either due or granted in respect of the financial year ended December 31, 2016, are submitted to the shareholders for their opinion.

The relevant components of compensation relate to: (i) the fixed portion, (ii) the annual variable portion including the deferred variable portion paid in shares on a deferred basis and, where applicable, the multiannual variable portion with the objectives contributing to the setting of this variable portion, (iii) exceptional compensations, (iv) share options, performance-based shares and any other long-term element of compensation, (v) indemnities related to the appointment or to the termination of office, (vi) the top-up defined-benefit pension scheme, (vii) benefits in kind and (viii) the non-compete indemnity.

The components of compensation due or granted to Mr. Carlos Ghosn, Chairman and Chief Executive Officer, in respect of financial year 2016 are as follows:

Components of compensation due or awarded in respect of the financial year 2016	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€1,230,000 (amount paid)	The fixed compensation amount was set by the Board of Directors on July 27, 2016 upon recommendation of the Compensation Committee. This amount has remained unchanged since 2011.
Annual variable compensation	€1,414,500 (115% of the fixed portion) of which: • €353,625 paid in cash; • €1,060,875 paid in shares on a deferred basis as described under "Variable compensation paid in shares on a deferred basis" below.	The Board of Directors, during its meeting held on July 27, 2016, determined, upon the recommendation of the Compensation Committee, that the variable portion of the Chairman and Chief Executive Officer's compensation shall be a percentage of the fixed portion that may reach a maximum of 120%, should all performance criteria be met, or 180%, should all performance criteria plus additional performance criteria be met. The following performance criteria were set by the Board of Directors in respect of the financial year 2016: • three quantitative performance criteria related to financial performance (for a maximum of 85%): - return on equity rate (15% maximum); - Group operating margin (35% maximum); - free cash flow (35% maximum); and • four qualitative criteria linked to managerial performance (for a maximum of 35%): - the monitoring of the competitiveness agreement in France (7% maximum); - the quality of CSR and environmental commitments (8% maximum); - the development of Alliance partnerships and synergies (8% maximum); and - the development of a multi-year R&D strategy (12% maximum). The Board of Directors ensures that the criteria chosen applied for the variable portion of the executive officer's compensation ensures that his interests are in line with the corporate interest of the Company and the interest of the shareholders. The quantified targets for each of the performance criteria are described in section 3.3.2.1 of the 2016 Registration Document. On February 9, 2017, upon proposal of the Compensation Committee, the Board of Directors announced that the achievement level for the financial criteria was 85% and the achievement level for qualitative criteria was 30%, broken down as follows: • quantitative criteria: 85% out of the 85% maximum, broken down as follows: - return on equity rate: 15% out of the 15% maximum; - operating margin: 35% out of the 35% maximum; - free cash flow: 35% out of the 35% maximum; It being specified that the assessment of the achievement of the quantitative performance criteria was made excluding significant changes in the scope of consolidation, notably AVTOVAZ; • qualitative criteria: 30% out of the 35% maximum, broken down as follows: - monitoring of the competitiveness agreement in France: 7% out of the 7% maximum, - quality of CSR and environmental commitments: 5% out of the 8% maximum, - development of Alliance partnerships and synergies: 8% out of the 8% maximum, - development of a multi-year R&D strategy: 10% out of the 12% maximum. Consequently, the variable compensation for financial year 2016 amounts to 115% of the fixed portion, *i.e.* €1,414,500 (compared to 145% of the fixed portion, *i.e.* €1,783,500, for 2015, it being specified that with regard to this financial year, the variable portion of the Chairman and Chief Executive Officer's compensation could have represented up to 150% of the fixed portion of his compensation should all performance criteria have been met). On February 9, 2017, the Board of Directors, upon proposal of the Compensation Committee, also approved the terms of payment of the variable amount under the following conditions, which are identical to those in 2015: • 25% paid in cash in 2017, i.e. €353,625; • the balance, i.e. €1,060,875, paid in shares on a deferred basis in accordance with the conditions set out below (**"Variable compensation paid in shares on a deferred basis compensation"**).
Variable compensation paid in shares on a deferred basis	€1,060,875	The definitive vesting of the shares received under the Variable compensation paid in shares on a deferred basis in respect of financial year 2016 is subject to a 3-year presence condition, as from the date of the Board of Directors held on February 9, 2017, *i.e.* until February 8, 2020. On February 9, 2017, the Variable compensation paid in shares on a deferred basis was converted into 12,466 shares on the basis of a stock price of €85.10 (average of the 20 trading days preceding the date on which the Board authorized the grant).
Multi-annual variable compensation	N/A	No multi-annual variable compensation.
Exceptional compensation	No amount due in respect of the financial year ended	No exceptional compensation.
Elements of long-term compensation: stock options	N/A	No allotment.

Components of compensation due or awarded in respect of the financial year 2016	Amounts or accounting valuation submitted to the vote	Comments
Elements of long-term compensation: performance shares	€4,360,714 (accounting valuation)	Pursuant to the authorization granted by the General Meeting of April 29, 2016 (thirteenth resolution), the Board of Directors upon proposal of the Compensation Committee, decided, on July 27, 2016, to award 100,000 performance shares to the Chairman and Chief Executive Officer for fiscal year 2016. The vesting of the 100,000 shares by the Chairman and Chief Executive Officer is subject to: • a four (4) year presence condition as, from the award date, i.e. until July 26, 2020; and • performance criteria, which will be assessed over a cumulative three-year period (2016, 2017 and 2018), it being specified that the assessment of performance criteria are made excluding any significant changes in the scope of consolidation, in particular AVTOVAZ. Upon the proposal of the Compensation Committee, the Board of Directors on held July 27, 2016, selected the following performance criteria: • free cash flow, for one-third of the shares; • the Automotive operating margin as a percentage in comparison to the average of a panel of carmakers with the same geographic and sector drivers (PSA Auto, Fiat Auto EMEA, Volkswagen Brand, Skoda Brand and Renault) for one-third of the shares; and • the total shareholder return (TSR), in line with CAC 40 practices, for one-third of the shares. The quantified targets corresponding to these criteria are described in section 3.3.2.1 of the 2016 Registration Document. The authorization given by the General Meeting on April 29, 2016 applies to all performance-based share awards as follows: • the total number of performance shares awarded shall not exceed 1.5% of the share capital over three years, i.e. on average 0.5% of the share capital per year; • the number of performance shares awarded to the Chairman and Chief Executive Officer shall not exceed 15% of total shares allocated. The Chairman and Chief Executive Officer is not subject to a lock-up period in respect of the plan beyond the vesting period, but he is subject to an obligation to retain 25% of the shares vested in his capacity as executive officer until he ceases to hold office.
Elements of long-term compensation: other elements	N/A	No allotment.
Attendance fees	€48,000 (amount paid)	This gross amount is paid in consideration for his office as director of Renault. The method of calculation applicable to the fees paid to the members of the Board of Directors are as follows: • a fixed portion of €18,000 per year, linked to directorship; and • a variable portion of €6,000 per meeting, linked to the actual attendance of members at Board meetings. The fixed and variable portions are capped at a total amount of €48,000 per director per year. Mr. Ghosn will not receive directors' fees for his potential participation in a Board Committee.
Valuation of benefits in kind	€5,522 (accounting valuation)	This valuation of benefits in kind corresponds to a company car.
Severance payment	N/A	There is no clause relating to severance payment for the Chairman and Chief Executive Officer.
Non-compete payment	No amount due in respect of the financial year ended	During its meeting of February 11, 2015, the Board of Directors authorized the execution of a non-compete agreement between the Company and Mr. Carlos Ghosn pursuant to which the latter undertakes, as of the end of his term as Chief Executive Officer not to exercise, either directly or indirectly, any competing business with that of Groupe Renault, either on his own behalf or on behalf of another company. A "competing business with that of Groupe Renault" refers to any business involving the design, construction or marketing of automobiles (mainly passenger cars and light commercial vehicles) carried out in the same geographical areas and sectors as those of Groupe Renault at the end of his term of office. The Board of Directors notably considered (i) the particular competitive nature of market on which the Group operates, (ii) the importance of the functions and recognized expertise of Mr. Carlos Ghosn in this market, (iii) the resources at his disposal, (iv) the sensitive information which Mr. Carlos Ghosn holds or to which he has access to, and (v) the relationships which are developed by Mr. Ghosn in exercising his office, and concluded that it was necessary to protect the legitimate interests of Groupe Renault through the introduction of this non-compete clause. In consideration for his non-compete obligation, Mr. Carlos Ghosn will receive from the Company, during the term of the agreement (2 years) and subject to its non-infringement, a gross financial consideration equal to 2 years' total gross compensation (fixed and variable), payable in 24 monthly payments. Upon Mr. Carlos Ghosn's departure, the Board of Directors of the Company will decide whether or not to apply the non-compete clause and may unilaterally waive its application. The General Meeting of April 30, 2015 approved this non-compete clause.

Components of compensation due or awarded in respect of the financial year 2016	Amounts or accounting valuation submitted to the vote	Comments
Top-up defined-benefit pension scheme	No amount due in respect of the last financial year	Mr. Carlos Ghosn benefits from the collective top-up pension scheme set up for members of the Groupe Renault Executive Committee. This scheme is open to new beneficiaries. This scheme was approved by the Board of Directors at its meetings held on October 28, 2004 and October 31, 2006 and at the General Meeting of April 30, 2010 (tenth resolution). This scheme was confirmed by the Board of Directors' meeting of February 12, 2014 and approved by the General Meeting of April 30, 2014 (seventh resolution). The top-up pension scheme is comprised of (i) a defined-contribution scheme and (ii) a top-up defined-benefit scheme. *(i) Defined-contribution scheme (Article L. 242-1 of the French Social Security Code)* Mr. Carlos Ghosn benefits from a defined-contribution scheme which amount represents 8% of the annual compensation comprised between 8 and 16 times the annual French social security ceiling, with 5% paid by the Company and 3% by Mr. Carlos Ghosn. The commitment of the Company is limited to the payment of its contribution portion to the insurance company in charge of 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, set up and funded by the Company and managed externally by an insurance company. Entitlement to this scheme is subject to a minimum length of service condition (five years within the Company and at least two years on the Group's Executive Committee) and to a presence condition of the executive officer at the time he claims his pension rights. The reference compensation used for calculating the top-up defined benefit pension scheme is equal to the average of the three highest gross annual total compensations (fixed and variable portions) in the ten years preceding retirement. The annuity amount paid in respect of this pension scheme is equal to 10% of the reference compensation percentage increased by 1.40 points per year of service to the Group Executive Committee beyond five years and 0.40 points per year of service outside the Group Executive Committee if the length of service at the Company exceeds five years. This amount is capped at 30% of the reference compensation. The reference compensation is capped at 65 times the annual French social security ceiling. In any event, the annuity amount of the Chairman and Chief Executive Officer shall not exceed 45% of his reference compensation. Should this cap be exceeded, the amount of the top-up defined-benefit pension annuity would be reduced accordingly. The Company's commitments vis-a-vis its Chairman and Chief Executive Officer at December 31, 2016, based on his length of service as at December 31, 2016, represent : • €12,893 per year in respect of the defined contribution pension scheme (at December 31, 2016); • €753,012 of gross annual pension in respect of the top-up defined-benefit pension scheme.

3.3.2.3 SUMMARY TABLES

The following tables have been prepared in accordance with the recommendations of the Afep/Medef Corporate Gouvernance Code of listed corporations and of the AMF.

TABLE 1 - SUMMARY OF COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

(TABLE N° 1 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

	2016	2015	2014
Carlos Ghosn – Chairman and Chief Executive Officer			
Compensation due for the year (details in table 2)(1)	2,698,022	3,066,940	3,098,509
Valuation of options awarded during the year (details in table 4)(2)	0	0	0
Valuation of performance shares awarded during the year (details in table 6)	4,360,714	4,184,850	4,117,321
Valuation of other long-term compensation plans	None	None	None
TOTAL	**7,058,736**	**7,251,790**	**7,215,830**

(1) As a reminder at the initiative of the Chairman and Chief Executive Officer, payment of 30% of the variable portion for 2012 was deferred and made subject to compliance by the Company with all its commitments in connection with the competitiveness agreement in France. At its meeting of February 9, 2017, the Board of Directors, upon recommendation of the Compensation Committee, noted the success of the competitiveness agreement and consequently decided to pay, in 2017, the balance of the deferred variable portion payable to the Chairman and Chief Executive Officer in respect of 2012 , i.e. €431,730.

(2) No options were awarded as from 2013. The awards for FY 2013 have been made on 12/13/2012. See table 4 hereafter.

The total compensation for the Chairman and Chief Executive Officer indicated in the above summary table includes the valuation of shares subject to performance conditions, for which vesting is conditional, over the three-year period between 2016 and 2018. This accounting valuation is likely to change before the end of the vesting period. In 2016, the compensation paid in cash for financial year 2016 amounts to €1,729,395 and includes the following elements: the fixed portion, 25% of the variable portion paid immediately, attendance fees relating to his duties as director and the value of the benefits in kind (see Table No. 2 below for details). The balance of compensation is subject to a condition of presence.

TABLE 2 - SUMMARY OF COMPENSATION OF THE EXECUTIVE OFFICER

(TABLE N° 2 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

a) The total compensation of the Chairman and Chief Executive Officer paid by the Company was as follows (in euros)

	2016		Amounts 2015		Amounts 2014	
Carlos Ghosn	Payable	Paid	Payable	Paid	Payable	Paid
Fixed compensation	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000
Variable compensation paid in cash	353,625	445,875	445,875	453,563	453,563	346,245
Variable compensation paid in shares, subject to conditions(1)(2)	1,060,875	0	1,337,625	0	1,360,687	0
Exceptional compensation	None	None	None	None	None	None
Directors' fees	48,000	48,000	48,000	48,000	48,000	48,000
In kind Benefits	5,522	5,522	5,440	5,440	6,259	6,259
TOTAL	**2,698,022**	**1,729,397**	**3,066,940**	**1,737,003**	**3,098,509**	**1,630,504**

(1) As from the variable portion for 2013, the Board of Directors decided that 75% of the variable portion due in respect of any year would be converted into shares which vesting would be subject to performance and presence conditions (see section 3.3.1.1 for a description of this mechanism).

(2) As from the variable portion for 2016, the Board of Directors decided that 75% of the variable portion due in respect of any year would be converted into shares which vesting would be subject to presence conditions (see section 3.3.1.1 for a description of this mechanism).

b) Compensation of Mr. Ghosn in his capacity as Chairman and Chief Executive Officer of Nissan Motor Co., Ltd.

In accordance with the information published by Nissan Motor Co., Ltd. on June 30, 2015 and June 30, 2016 in its annual financial report "Yukashoken-Hokokusho" for respectively financial years 2014 (from April 1, 2014 to March 31, 2015) and 2015 (April 1, 2015 to March 31, 2016), the total compensation received by Mr. Ghosn as Chairman and Chief Executive Officer of Nissan Motor Co., Ltd. was JPY 1,035 million for FY 2013 and JPY 1,071 million for 2014.

Fiscal year (from April 1, 2015 to March 31, 2016) (in millions of yen)	Compensation	Stock options	Total
2015	1,071*	0	1,071*

** Figures published by Nissan in compliance with JGAAP accounting standards.*

For information, using the European Central Bank exchange rate at March 31, 2016 (*i.e.* €1 = JPY127.90), the value of JPY 1,071 million represents approximately €8,373,729.

This information is directly accessible, with all updates, on the Company's web-site:
http://group.renault.com/finance/gouvernance/activite-du-conseil-dadministration/

It should be noted that as of April 1, 2017, Mr. Carlos Ghosn no longer serves as Chief Executive Officer of Nissan Motor Co., Ltd. He still serves as Chairman of the Board of Directors of Nissan Motor Co., Ltd.

c) Compensation as a director of AVTOVAZ

Mr. Ghosn did not receive any compensation in his position as Chairman and member of the AVTOVAZ Board of Directors in respect of 2016.

TABLE 3 - SUMMARY OF BENEFITS PAID TO THE EXECUTIVE OFFICER

(TABLE N° 11 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

Chief Executive Officer	Employment contract	Top-up defined-benefit pension scheme	Compensation or benefits payable or potentially payable on cessation of office	Compensation payable under no-compete clause	Other compensation
Carlos Ghosn **Chairman and Chief Executive Officer**	No	Yes	No	Yes	No

TABLE 4 - SUMMARY OF STOCK OPTIONS AWARDED TO THE EXECUTIVE OFFICER

(TABLE N° 4 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

	Plan No. and date	Type of options	Valuation of options based on the method adopted for the consolidated financial statements(1)	No. of options granted	Exercise price	Exercise period
Carlos Ghosn	No. 18 04/29/2011	BOUGHT	931,000	100,000(2)	€38.80	4/30/2015- 04/28/2019
	No. 19 12/08/2011	BOUGHT	558,000	100,000(3)	€26.87	12/9/2015- 12/07/2019
	No. 20 12/13/2012	BOUGHT	750,258	150,000(4)	€37.43	12/13/2016- 12/12/2020

(1) The valuation method adopted in the consolidated financial statement follows a suitable binomial mathematical model, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The valuation of the options in this column corresponds to the total expenses that will be accounted for over the four-year period of exercise (see chapter 4 note 18-H to the consolidated financial statements).

(2) In view of the achievement of performance criteria, the Board of Directors in its meeting of February 12, 2014 decided to definitively award all options initially attributed.

(3) In view of the achievement of the plan's performance criteria, the Board of Directors in its meeting of February 13, 2013 decided to definitively award 50% of the 100,000 options, i.e. 50,000 options.

(4) In view of the achievement of the plan's performance criteria, the Board of Directors in its meeting of February 12, 2014 decided to definitively award 88.48% of the 150,000 options initially attributed, i.e. 132,720 options.

TABLE 5 - SUMMARY OF STOCK OPTIONS EXERCISED DURING THE YEAR BY THE EXECUTIVE OFFICER

(TABLE N° 5 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCECODE OF LISTED CORPORATIONS)

	Plan No. and date	No. of options exercised during the year	Exercise price	Award year
	No. 19 12/08/2011	50,000	€26.87	2011
Carlos Ghosn	No. 20 12/13/2012	132,720	€37.43	2012

TABLE 6 - SUMMARY OF PERFORMANCE SHARES AWARDED DURING THE YEAR TO THE EXECUTIVE OFFICER

(TABLE N° 6 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCECODE OF LISTED CORPORATIONS)

	Plan No. and date	Number of shares	Valuation of shares as at December 31, 2016 according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Carlos Ghosn	No. 23 07/27/2016	100,000	4,360,714	07/27/2020	07/27/2020	Yes

PERFORMANCE SHARES AWARDED TO CARLOS GHOSN WHICH BECAME AVAILABLE DURING THE YEAR

(TABLE N° 7 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

	Plan No. and date	Number of shares available during the year	Terms of acquisition
Carlos Ghosn	-	None	-

3.3.2.4 COMPENSATION POLICY FOR THE EXECUTIVE OFFICER IN RESPECT OF FINANCIAL YEAR 2017

During its meeting of February 9, 2017, the Board of Directors set the compensation policy for the Chairman and Chief Executive Officer in respect of the 2017 financial year, in accordance with to the principles previously set out (see section 3.3.1 and 3.3.2 of the Registration Document).

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 in respect of the 2017 financial year will be submitted to the ratification of the Combined General Meeting on June 15, 2017.

It should be noted that the payment of the variable and exceptional components of compensation of the Chairman and Chief Executive Officer for the 2017 financial year is subject to the subsequent approval, by an Ordinary General Meeting of the Company, of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated to the Chairman and Chief Executive Officer for the 2017 financial year.

Component	Payment conditions	Total	Performance criteria and weighting
Fixed compensation	• 100% in cash	• €1,230,000 • This amount has remained unchanged since 2011.	• Not applicable
Annual variable compensation	• 25% paid in cash immediately after the decision of the Board of Directors fixing its amount • 75% paid in shares on a deferred basis and subject to a three-year presence condition	• **Target variable portion of 120%** of the fixed compensation subject to the achievement of quantitative (financial) and qualitative (managerial) criteria • **Additional exceptional variable portion of 60%** of the fixed compensation, subject to achievement of: - all quantitative (financial) and qualitative (managerial) performance criteria; and - additional performance criteria.	• **Quantitative performance criteria (financial):** maximum 85% of the fixed compensation - return on equity rate (ROE): maximum 15%; - Group operating margin (Group OM): maximum 35%; - free cash flow (FCF): maximum 35%. • **Qualitative performance criteria (managerial):** maximum 35% of the fixed compensation - monitoring of the competitiveness agreement in France: maximum 7%; - quality of CSR and environmental commitments: maximum 8%; - development of Alliance partnerships and synergies: maximum 10%; - development of a multi-year R&D strategy: maximum 10%. • **Exceptional variable portion - Additional performance criteria:** 60% of the fixed compensation - Group operating margin (Group OM) equal to or greater than budget + 0.5 point; and - operating free cash flow (FCF) equal to or greater than 100% of annual budget
Long-term compensation	• Vesting of performance shares subject to a four-year presence condition and achievement of performance criteria • 25% of shares acquired in this way must be retained until he ceases to hold office	• Award of 100,000 performance shares, subject to the achievement of performance criteria • Assessment of the achievement of performance criteria over a cumulative three-year period (2017, 2018 and 2019)	• **Performance criteria:** acquisition of a maximum of 100,000 shares (100%) - TSR (Total shareholder return) compared to the average TSR of the Euro Stoxx ex Financials index and the TSR of the Euro Stoxx Automobile & Parts index: 33.3% - Automotive operating margin (Automotive OM) compared to the average of the carmakers' panel: 33.3% - Free cash flow (FCF): 33.3%

In accordance with to the compensation principles set by the Board of Directors upon recommendation of the Compensation Committee, the compensation policy for the Chairman and Chief Executive Officer focuses on performance and includes demanding, stable, verifiable and quantifiable long- and short-term performance criteria.

The compensation risk component, mainly in the form of shares and, in particular, performance shares, represents a significant part of the potential compensation for the Chairman and Chief Executive Officer in the event the performance criteria are met.

In addition to these components, a non-compete agreement, approved by the General Meeting on April 30, 2015, was entered into between the Company and the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer also benefits from a top-up defined-benefit pension scheme plan.

The compensation policy for the Chairman and Chief Executive Officer in respect of the 2017 financial year is presented below.

FIXED COMPENSATION

The fixed portion of compensation is €1,230,000. This amount has remained unchanged since 2011.

ANNUAL VARIABLE COMPENSATION

The variable portion of the Chairman and Chief Executive Officer's compensation represents a percentage of the fixed portion, and its amount is set depending on performance criteria. Upon recommendation of the Compensation Committee, these performance criteria are set by the Board of Directors, which assesses their achievement annually.

The variable portion can total up to 120% of the fixed portion if all the performance criteria are met and may reach 180% in the event of over-performance by the Chairman and Chief Executive Officer, *i.e.* if (i) all the performance criteria are met and (ii) the Group operating margin exceeds budget +0.5 point and free cash flow exceeds budget +100%.

In respect of financial year 2017, the performance criteria set by the Board of Directors include three quantitative (financial) criteria and four qualitative (managerial) criteria. The Board considered that these are key indicators of Groupe Renault performance.

The criteria as well as their weighting are indicated in the tables below.

QUANTITATIVE CRITERIA IN RESPECT OF FINANCIAL YEAR 2017

		Return on equity (ROE)	Operating margin Group (Group OM)	Free cash flow (FCF)
Quantitative criteria (0% to 85% of the fixed compensation)	**Purpose**	• Return on equity is a key measure to indicate the efficiency with which the Company uses the equity invested by shareholders to generate earnings growth.	• The operating margin reveals the Company's profitability. • The achievement of this objective is a key indicator of the success of the Company's mid-term strategic plan.	• A strong free cash flow level demonstrates strict financial discipline within the Company. • A positive Automotive operational free cash flow is imposed each year and is a key driver of long-term growth and allows for dividend payments.
	Weighting (as a % of the fixed compensation)	• maximum 15%	• maximum 35%	• maximum 35%
	Payout rate	• 0% if the return on below 8%, no payout will occur • 10% if the return on equity is equal to 8% • 15% if the return on equity is equal to or greater than 10% (target and maximum) • Linear interpolation if the return on equity is between 8% and 10% *For reasons of commercial confidentiality, the Company does not disclose the ex-ante target figures for this criterion. However, the Company will publish the percentage achievement of this criterion at the end of the performance cycle.*	• 0% if the operating margin is below budget, no payout will occur • 25% if the operating margin is equal to budget • 35% if the operating margin is equal to or greater than budget +0.2 point • Linear interpolation if the operating margin is between budget and budget +0.2 point (maximum) *For reasons of commercial confidentiality, the Company does not disclose the ex-ante target figures for this criterion. However, the Company will publish the percentage achievement of this criterion at the end of the performance cycle.*	• 0% if the free cash flow is below budget, no payout will occur • 25% if the free cash flow is equal to budget • 35% if the free cash flow is equal to or greater than budget +50% • Linear interpolation if the free cash flow is between budget and budget +50% (maximum). *For reasons of commercial confidentiality, the Company does not disclose the ex-ante target figures for this criterion. However, the Company will publish the percentage achievement of this criterion at the end of the performance cycle.*
Additional over-performance quantitative criteria (60%)	**Weighting** (as a % of the fixed compensation)	• Not applicable	• maximum 60%	
	Payout rate	• Not applicable	• 60% if (i) all the targets attached to the quantitative and qualitative performance criteria have been met, (ii) the Group operating margin is equal to or greater than budget +0.5 point, and (iii) free cash *flow is equal* to or greater than budget + 100%	

QUALITATIVE CRITERIA IN ORDER TO DETERMINE THE AMOUNT OF THE ANNUAL VARIABLE COMPENSATION

	Development of a multi-year R&D strategy	Development of partnerships and Alliance synergies	Quality of CSR and environmental commitments	Monitoring of the multi-year agreement in France
Purpose	• These criteria measure the Company's strategic progress in a qualitative manner, through objectives that can be assessed and measured by the Compensation Committee members. Such objectives are designed to reflect the Management's progression in building strong synergies and efficient Research & Development efforts. • The Company intends to deliver innovative products and strong returns to its shareholders, in harmony with stakeholders' interests (employees, customers, shareholders, purchasers and suppliers) and drive sustainable growth and profitability.			
Examples of indicators	• Level of investment in R&D and monitoring of Capex • Continuation of standardization policy (CMF approach – Common Modules Families) • Continuation of development plan for the electric vehicle market • Product coverage by region	• Partnerships (growth in the number of projects with partners, development of synergies and cost reduction) • Consolidation of AVTOVAZ	• Emissions performance • Diversity • Health and safety	• Production volume • R&D + CAPEX • Recruitment volume
Weighting (as a % of the fixed compensation)	• 10% at target and maximum	• 10% at target and maximum	• 8% at target and maximum	• 7% at target and maximum

The assessment of the achievement of the performance criteria Group operating margin and free cash flow for 2017 is made excluding any significant changes in the scope of consolidation, in particular AVTOVAZ.

Payment conditions for the annual variable compensation

The payment conditions for the annual variable compensation 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 condition of presence of three years within the Company as from the date of the Board of Directors' Meeting that will announce, early 2018, the rate of achievement of the performance criteria (i.e. a vesting in 2021). This portion of the annual variable compensation will be converted into shares on the basis of the average Renault stock price over the last 20 trading days preceding the date on which the Board of Directors met in order to determine its amount. This conversion value may increase or decrease, pursuant to the Renault stock price over the three-year period. The shares allocated to the Chairman and Chief Executive Officer will be existing shares so that the allocation has no dilutive effect for shareholders. The deferred payment in shares of the annual variable compensation strengthens the alignment with shareholders' interests.

Pursuant to Article L. 225-37-2 of the French Commercial Code, the payment of the annual variable compensation to the Chairman and Chief Executive Officer in respect of the 2017 financial year is subject to its approval by the 2018 Annual General Meeting.

MULTI-ANNUAL VARIABLE COMPENSATION

The Chairman and Chief Executive Officer will not receive multi-year variable compensation.

EXCEPTIONAL COMPENSATION

The Chairman and Chief Executive Officer will not be paid any exceptional compensation in 2017.

LONG-TERM COMPENSATION

In accordance with the Company's compensation principles, the Chairman and Chief Executive Officer's compensation comprises mainly a long-term compensation – which vesting is subject to performance criteria – in order to align the Chairman and Chief Executive Officer's compensation with shareholders' interests.

The allocation of long-term compensation takes the form of performance shares, which are awarded annually. The use of this type of long-term compensation corresponds to both French and global market practice. The number of performance shares awarded to the Chief Executive Officer is expressed as an absolute number rather than as a percentage of salary, so that both increases and decreases impact the total corresponding value.

Since 2013, Groupe Renault has decided to no longer implement stock option plans, but to implement only performance share plans as part of its long-term compensation.

The Chairman and Chief Executive Officer accordingly is awarded performance shares, according to the same conditions as other Group executives (see section 3.3.4 of the Registration Document), subject to additional performance criteria due to his position as an executive officer.

Pursuant to the authorization granted by the General Meeting of April 29, 2016, the Board of Directors, upon proposal of the Compensation Committee, awarded on February 9, 2017, 100,000 performance shares to the Chairman and Chief Executive Officer in respect of financial year 2017. This figure, determined in accordance with the Company's compensation policy under which compensation must consist mainly of shares, is unchanged from the previous year and represents an amount in line with the practices of international groups in the automotive sector.

Out of the 100,000 performance shares awarded, the number of shares vested by the Chairman and Chief Executive Officer will depend on the achievement of the following performance criteria:

LONG-TERM PERFORMANCE CRITERIA(1)

	Total shareholder return (TSR)	Automotive operating margin (Automotive OM) compared to the panel average	Free cash flow (FCF)
Purpose and Operation	• TSR is the market's most prevalent criterion used to measure long-term performance. It reflects both stock price movements and dividends paid. Relative TSR demonstrates the value delivered to the shareholders, compared to the value created by alternative investments available to them. • TSR level is calculated by reference to a benchmark, which is the sum of the average TSR Euro Stoxx Auto & Parts index results and the average TSR Euro Stoxx ex Financials index results (both equally weighted).	• The operating margin reflects the Company's profitability. The achievement of this objective is a key indicator of the Company's mid-term strategic plan achievement and success. • The Automotive operating margin (AOM) as a percentage compared to the average of the panel of carmakers with the same geographical and sector characteristics (PSA Auto, Fiat Auto EMEA, Volkswagen Brand, Skoda Brand and the Company) allows changes in profitability to be measured and understood in its competitive context subject to the same economic conditions.	• Free cash flow (FCF) is a key component of the Company's ability to grow, as it drives the ability to fund the investments necessary for long-term growth and allows for dividend payments.
Weight (in % of grant)	• 33.3%	• 33.3%	• 33.3%
Payout	• 0% if the TSR is below benchmark • 15% if the TSR is equal to benchmark • 33.3% if the TSR is equal to or greater than benchmark +10% • Linear interpolation if TSR is between benchmark and benchmark +10%. *Since this criterion is relative, the amount of the target is not known at this date. The Company will disclose the average figure and the associated achievement rate at the end of the performance period.*	• 0% if the operating margin is below average • 26.7% if the operating margin is equal to the average • 33.3% if the operating margin is equal to or greater than the average +5% • Linear interpolation if the operating margin is between average and average +5%. *Since this criterion is relative, the amount of the target is not known at this date. The Company will disclose the average figure and the associated achievement rate at the end of the performance period.*	• 0% if the FCF is below budget • 26.7% if FCF is equal to budget • 33.3% if FCF is equal to or greater than the budget +10% • Linear interpolation if FCF is between budget and budget +10%. *For reasons of commercial confidentiality, the Company does not disclose the ex-ante target figures for this criterion. However, the Company will publish the achievement rate of this criterion at the end of the performance cycle.*

(1) With the exception of the TSR criterion, which applies only to the Chairman and Chief Executive Officer, the same criteria will apply to all beneficiaries of performance shares.

These performance criteria are assessed over a cumulative three-year period (2017, 2018, and 2019). If none of the criteria are met, no shares are granted at the end of the vesting period.

The vesting of performance shares is subject to a four-year presence condition as from the award decided by the Board of Directors' on February 9, 2017, i.e. until February 9, 2021.

The Chairman and Chief Executive Officer is not subject to a lock-up period in respect of the plan beyond the vesting period, but he is subject to a an obligation to retain 25% of the performance shares definitively acquired in his capacity as executive officer until he ceases to hold office. This requirement aims to ensure an alignment of the Chairman and Chief Executive Officer's and shareholders' interests.

Pursuant to the recommendations of the Afep/Medef Code, the Chairman and Chief Executive Officer has formally committed not to engage in hedging transactions on the performance shares until the end of the retention period.

ATTENDANCE FEES

The Chairman and Chief Executive Officer will receive attendance fees of a maximum amount of €48,000 in consideration for his office as director.

As the overall amount of attendance fees and their method of allotment should not change during financial year 2017, please refer to section 3.3.3 of the Registration Document for more details.

BENEFITS IN KIND

The Chairman and Chief Executive Officer benefits from a company car.

SERVICE AGREEMENTS

No service agreements have been entered into between the Company and the Chairman and Chief Executive Officer so that the Company has no commitments in this respect towards its Chairman and Chief Executive Officer.

SEVERANCE PAYMENT AND NON-COMPETE INDEMNITY

The Chairman and Chief Executive Officer does not benefit from any severance clause.

As from 2015, the Board of Directors authorized a non-compete agreement, the terms of which are described in the statutory auditors' report in section 4.3.2.

If the Board of Directors decides to implement this agreement, the Chairman and Chief Executive Officer will receive, during the two-year term of the agreement and provided there are no infringement of the agreement, a gross financial compensation corresponding to two years' total gross compensation (fixed and variable portions). Such financial compensation will be calculated upon the paid salary and not the theoretical salary. The Board of Directors will decide, upon the departure of the Chairman and Chief Executive Officer, whether to enforce the said non-compete agreement and may unilaterally decide to waive it.

The entering into of this non-compete agreement with the Chairman and Chief Executive Officer aims at protecting the Company; the potential non-compete indemnities are the necessary financial compensation for the restrictions imposed.

TOP-UP PENSION SCHEME

The Chairman and Chief Executive Officer benefits from the collective top-up pension scheme set up for members of the Group Executive Committee. This scheme is open to new beneficiaries.

This plan was approved by the Board during its meetings held on October 28, 2004 and October 31, 2006 and by the Annual General Meeting of April 30, 2010 (tenth resolution). This scheme has been confirmed by the Board of Directors held on February 12, 2014 and was approved by the General Meeting of April 30, 2014 (seventh resolution).

The Chairman and Chief Executive Officer's supplementary pension scheme is comprised of (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)*

The Chairman and Chief Executive Officer benefits from a defined-contribution scheme which amount represents 8% of the annual compensation (fixed and variable) comprised between 8 and 16 times the French annual social security ceiling (D Tranche), with 5% paid for by the Company and 3% by the Chairman and Chief Executive Officer.

The commitment of the Company is limited to the payment of its contribution portion to the insurance company in charge of the scheme.

(ii) 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, set up and funded by the Company and managed externally by an insurance company.

Entitlement to this scheme is subject to a minimum length of service condition (five years within the Company and at least two years on the Group Executive Committee) and to a presence condition of the executive officer at the time he claims his pension rights.

The reference compensation used for calculating the supplementary defined-benefit pension is equal to the average of the three highest total gross annual compensations (fixed and variable portions) in the ten years preceding retirement.

The annuity paid in respect of this pension plan amounts to 10% of the reference compensation, percentage increased by 1.40 points per year of service in the Group Executive Committee beyond five years and 0.40 points per year of service outside the Group Executive Committee if the length of service in the Company exceeds five years.

This amount is capped at 30% of the reference compensation.

The reference compensation is capped at 65 times the French annual social security ceiling.

In any event, the Chairman and Chief Executive Officer's annuity shall not exceed 45% of his reference compensation. Should this cap be exceeded, the amount of the top-up defined-benefit shall be reduced accordingly.

It shall be noted that the Compensation Committee, in its recommendation for the overall compensation of the Chief Executive Officer for the 2017 financial year, took into account the benefit of a top-up defined-benefit pension scheme.

3.3.2.5 ADJUSTMENT TO THE ANNUAL VARIABLE COMPENSATION IN RESPECT OF PREVIOUS FINANCIAL YEARS

In addition to a four-year condition of presence within the Company, the vesting of shares received in respect of the deferred variable portion by the Chairman and Chief Executive Officer for the 2013, 2014 and 2015 financial years is subject to financial performance criteria the achievement of which assessed over three successive financial years.

During the annual assessment of the performance criteria achievement, the number of shares corresponding to the deferred variable portion of the compensation due to the Chairman and Chief Executive Officer in respect of these financial years is subject to adjustment.

This adjustment, which may lead to a 15% reduction or increase in the number of shares awarded each year to the Chairman and Chief Executive Officer, is determined on the basis of the same three quantitative criteria that enable the calculation of the variable portion of the compensation due to the Chairman and Chief Executive Officer in respect of the adjustment year, *i.e.* return on equity, operating margin and free cash flow.

Upon recommendation of the Compensation Committee, the Board of Directors determined, during the annual assessment, that the performance criteria had been achieved to their maximum, so that the adjustment to the deferred variable portion was set at 115%. This adjustment reflects the very strong improvement in the financial results over the 2014-2016 period.

The below table summarizes the adjustments to the deferred variable compensation due in respect of the 2013, 2014 and 2015 financial years, it being specified that this compensation component is still subject to adjustments for the deferred variable portion due in respect of the 2014 and 2015 financial years, depending on the achievement of the performance criteria:

Year	Amount of the deferred part of the variable portion	Average share price 20 days prior to the Board meeting	Number of deferred shares awarded	Number of shares following the adjustment in respect of 2014 (*1.15)	Number of shares following the adjustment in respect of 2015 (*1.15)	Number of shares following adjustment in respect of 2016 (*1.15)	Number of shares following the adjustment in respect of 2017	Number of shares following the adjustment in respect of 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	To be determined in 2018	-
2015	€1,337,625	€75.79	17,649	-	-	20,296	To be determined in 2018	To be determined in 2019

The vesting of the shares due in respect of the deferred variable portion to the Chairman and Chief Executive Officer is subject to a presence condition within the Company four years after the award date of the shares, i.e. in:

- February 2018 for the deferred variable portion due in respect of the 2013 financial year;
- February 2019 for the deferred variable portion due in respect of the 2014 financial year; and
- February 2020 for the deferred variable portion due in respect of the 2015 financial year.

In the event of departure from Groupe Renault before the vesting date, the Chairman and Chief Executive Officer loses the benefit of the shares awarded to him or her, except in the event of retirement or voluntary retirement.

The Company's compensation policy as from 2016 has been modified to remove all adjustments to the annual variable portions paid in shares for compensations due starting as from financial year 2016, in order to simplify the compensation structure in accordance with the expectations expressed by the shareholders and investors following the negative opinion expressed by the Annual General Meeting of April 29, 2016 on the components of compensation due or awarded to the Chairman and Chief Executive Officer in respect of the 2015 financial year.

3.3.3 Directors' compensation

In accordance with Article L. 225-45 of the French Commercial Code, the General Meeting may allocate attendance fees, the amount of which remains fixed until otherwise decided.

3.3.3.1 AMOUNT

The Combined General Meeting of April 29, 2011 set attendance fees at an annual amount of €1,200,000, to be apportioned among the directors for the current financial year and subsequent financial years, until further decision. The Board of Directors is responsible for allotting these fees.

3.3.3.2 METHOD OF ALLOTMENT

Recommendation 20.1 of the Afep/Medef Corporate Governance Code of listed corporations recommends that attendance fees include a variable portion related to actual attendance at Board and Committee meetings. This variable portion should be larger than the fixed portion. In order to comply with this recommendation, the Company's Board of Directors decided, on October 8, 2014, to amend the rules on the allocation and calculation of directors' fees.

For each year of office, the directors receive:

- a fixed portion; and
- a variable portion, which depends on the actual attendance of members at Board and/or Committee meetings, it being specified that the variable portion is subject to a ceiling that depends on the body in question and that the actual attendance condition does not apply to exceptional meetings.

Committee Chairmen receive additional attendance fees in respect of these functions 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 ceiling depending on the body in question.

Since financial year 2014, the following calculation rules are applicable:

	Fixed portion	Variable portion (per session)	Ceiling on the variable portion	Overall ceiling	Chairman
Board of Directors	€18,000	€6,000	€30,000	€48,000	€0
Committees (excluding CARE)	€1,500	€3,000	€6,000	€7,500	€7,500
CARE	€1,500	€3,000	€9,000	€10,500	€15,000

The total amount of Directors fees allocated in respect of financial year 2016 amounted to €1,094,056 (compared to €1,155,300 in 2015).

SUMMARY TABLE

TABLE ON ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS (TABLE NO. 3 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

Attendance rate at Board and committee meetings in 2016[1]						Total gross directors' fees received (in €)[2]	
Directors	Board	Audit, Risks and Ethics Committee	Compensation Committee	Appointments and Governance Committee	International & Industrial Strategy Committee[3]	2016[1]	2015
Mr. Ghosn	100%	-	-		-	48,000	48,000
Mr. Barrat[2]	100%					6,856	-
Mr. Belda	100%	-	100%	100%	100%	70,500	67,500
Ms. Blair	71.43%		-	-	-	43,714	30,000
Mr. Desmarest	100%	-	100%	-	100%	70,500	70,500
Mr. Faure[4]	85.71%		-	-	50%	48,214	57,000
Mr. Garnier[2]	66.67%	-	100%	-		17,786	72,000
Mr. Gentil	100%	-	-	-	100%	55,500	63,000
Ms. Koike[2][5]	75%	-	-	-	-	30,000	44,250
Mr. Ladreit de Lacharrière	100%	-	100%	100%	-	70,500	66,750
Ms. de La Garanderie	100%	100%	-	100%	-	66,000	66,000
Mr. Lagayette	100%	100%	-	100%	-	81,000	81,000
Mr. Ostertag	100%	100%	-	-	100%	66,000	66,000
Mr. Personne	100%	-	100%	-	100%	63,000	63,000
Ms. Qiu[2]	100%					27,429	-
Mr. Riboud	57.14%	-	-	-	-	35,143	44,250
Ms. Rih	100%	-	-	-	100%	48,643	63,000
Mr. Saikawa[2]	100%	-	-	-	50%	52,500	55,500
Mrs. Serizawa[2]	100%					6,857	-
Ms. Sourisse	85.71%	100%	-	-	-	54,214	58,500
Mr. Thomas	100%	66.67%	100%			67,500	63,000
Mr. Vial[4]	100%	80%	-	100%	-	64,200	24,000

(1) Gross amounts are calculated on the basis of methods adopted in 2014 and described in paragraph 3.3.2.2 above.

(2) For directors whose appointment to the Board or one of the committees began or ended during financial year 2016, the attendance rate is calculated on the duration of their term of office and, not on the duration of the financial year.

(3) The International and Industrial Strategy Committee is the result of the merger of the International Strategy Committee and the Industrial Strategy Committee, decided on April 29, 2016, by the Board of Directors upon recommendation of the Appointments and Governance Committee.

(4) Directors representing the French State.

(5) Ms. Koike expressed her wish to waive the directors' fees due to her for financial year 2016.

3.3.4 Compensation of senior executives: performance shares

3.3.4.1 LEGAL FRAMEWORK

In its thirteenth resolution, the Combined General Meeting of April 29, 2016 authorized the Board of Directors to carry out one or more consideration free awards of existing and/or new Company shares ("performance shares") to employees and/or executive officers of the Company and/or companies or French or foreign groups that are, directly or indirectly, linked to it under the conditions of Article L. 225-197-2 of the French Commercial Code, or to certain categories thereof.

The performance share plans are decided annually by the Board of Directors upon 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 and assessed over a minimum period of three years, and (ii) a minimum vesting period of three years, it being specified that the cumulative vesting and holding periods shall be no less than four years.

Beneficiaries of performance shares must be employees or executive officers whitin Groupe Renault at the time of vesting of the shares. In the event of departure from Groupe Renault prior to the vesting date, the beneficiary shall no longer be entitled to the performance shares awarded to him, unless the departure is related to his mandatory or voluntary retirement.

In the event of death, incapacity (total or partial) or long-term illness of the beneficiary, the latter shall still be entitled to the performance shares and the performance conditions shall not apply.

It shall be noted that allocations of performance shares awardees under the abovementioned authorization are capped as follows:

- the total number of performance shares awarded shall not exceed 1.5% of the share capital over three years, *i.e.* 0.5% of the share capital per year;
- the total number of performance shares awarded shall not exceed 10% of the share capital as at the date of the decision of their award by the Board of Directors;
- the number of performance shares awarded to the Chairman and Chief Executive Officer shall not exceed 15% of total shares awarded;
- the members of the Executive Committee cannot receive more than 30% of the total number of performance shares awarded, including those awarded to the Chairman and Chief Executive Officer.

The granting of performance shares pursuant to the thirteenth resolution of the Combined General Meeting of April 29, 2016 has no dilutive effects for shareholders, since the performance shares are treasury shares of the Company.

3.3.4.2 GENERAL POLICY OF ALLOCATION OF PLANS

COMPENSATION COMMITTEE

The Board of Directors approves the performance share plans on the basis of the work and recommendations of the Compensation Committee. The committee examines proposals from the Chairman to award shares to certain employees of Groupe Renault, in compliance with the general scheme set by the General Meeting.

AIMS OF PERFORMANCE SHARE AWARDS

The award of performance shares first and foremost aims to personally associate the global leadership of Groupe Renault, in particular members of its management bodies, to the Group's value development by making it partcipate in the Company's property.

It also helps to distinguish those executives contributing to Groupe Renault's results through their particular positive actions.

Last, it helps to secure the loyalty of those executives for whom the Group has long-term ambitions, in particular "high potentials", *i.e.* executives with strong potential. The allotment of shares helps foster their commitment and motivation to bring about progress to and growth of the Company.

The plan reinforces the role of Groupe Renault's responsibility centers in the world. In Automotive, it applies in particular to sales subsidiaries, vehicle and powertrain engineering teams, managers of body assembly and powertrain plants, industrial subsidiaries and all the heads of vehicle and sub-system programs and projects. It also applies to sales financing as well as to leaders of Groupe Renault's major support functions.

SHARE AWARD POLICY

Awards of shares vary according to the beneficiaries' level of responsibility and contribution to the Company, depending on an appraisal of their performance and results, and, on an assessment of their development potential.

Beneficiaries are divided into three categories.

Senior executives

The team of senior executives is comprised of 28 members of the Renault Management Committee (CDR), including the 12 members of the Group Executive Committee (CEG) as at January 3, 2017.

The portion of performance shares awarded to the Chairman and Chief Executive Officer and to the members of the Group Executive Committee (including the Chairman and Chief Executive Officer) shall not exceed respectively 15% and 30% of the total number of performance shares awarded.

Managing executives

Managing executives are awarded a variable number of performance shares each year, based on the levels of responsibility, performance and results. Certain managing executives may not be beneficiaries.

Other manager beneficiaries

The remaining beneficiaries are most often senior managers and executives with a strong potential for professional or managerial development or development of expertise. An array of complementary systems is used to assess and select beneficiaries (level of responsibility, annual performance and development review, Career Committees, specific monitoring for high-flyers, etc.); these systems form a comprehensive observation platform used to single out the most deserving beneficiaries.

Altogether these categories of beneficiaries represent roughly 900 executives annually. For information, the total number of beneficiaries was 861 under the 2013 plan, 898 under the 2014 plan, 1,013 under the 2015 plan and 1,120 under the 2016 plan.

3.3.4.3 SUMMARY TABLES

PAST AWARDS OF SUBSCRIPTION OR PURCHASE OPTIONS AND PERFORMANCE SHARES

Plans 18, 19 and 20 are stock option subscription plans.

Plans 18 bis, 19 bis and 20 bis are performance share awarded plans from which the Chief Executive Officer is excluded.

Plans 21, 22 and 23 are performance share plans of which a portion of the shares is awarded to the Chairman and Chief Executive Officer and is subject to an additional performance criterion compared to the remaining shares for this plan awarded to other beneficiaries.

The volume of the Plans in place as at December 31, 2016 accounted for 2.22% of the Company's share capital.

3

PAST AWARDS OF SUBSCRIPTION OR PURCHASE OPTIONS

STOCK OPTION PLANS*

(TABLE N° 8 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

Grant date	Date of the Board of Directors' meeting	Total Number of options initially awarded	O/w for the chairman and CEO Carlos Ghosn	Option start date	Expiry date	Subscription/ purchase price(1)	Number of shares subscribed as at 12/31/2016	Total Number of canceled or lapsed options as at 12/31/2016	Options outstanding as at 12/31/2016
Annual General Meeting authorization granted on April 29, 2011									
PLAN 18	04/29/2011	490,000	100,000	04/30/2015	04/28/2019	38.80	303,038	11,388	175,574
Plan 19(2)	12/08/2011	300,000	100,000	12/09/2015	12/07/2019	26.87	98,070	150,000	51,930
Plan 20(3)	12/13/2012	447,800	150,000	12/13/2016	12/12/2020	37.43	193,677	51,578	202,545

* *Renault pays particular attention to the demands of long-term compensation plans. For example, the Board of Directors noted that the objectives of Plan 17 had not been reached. As a result, all the stock options corresponding to these plans have been canceled.*

(1) *The subscription/purchase price is equal to the average stock price quoted during the twenty trading days prior to the Board of Directors meeting.*

(2) *The Board of Directors' noted on February 13, 2013 that the 2012 operating margin target was not reached but that the FCF target was reached. As a result, 50% of the stock options corresponding to Plan 19 have been canceled.*

(3) *The Board of Directors' noted on February 12, 2014, that 88.48% of performance criteria had been achieved. As a result, 11.52% of the stock options corresponding to Plan 20 have been canceled.*

PAST AWARDS OF PERFORMANCE SHARES

PERFORMANCE SHARE PLANS

(TABLE N° 9 ACCORDING TO THE RECOMMENDATIONS OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE OF LISTED CORPORATIONS)

Date of grant/date of the Board of Directors' meeting		Total Number of shares initially awarded	Of which for the Chairman and Chief Executive Officer Carlos Ghosn	Vesting date	Lock-up period ends	Shares canceled as at 12/31/2016	Shares outstanding as at 12/31/2016
Annual General Meeting authorization granted on April 29, 2011							
Plan 18 *bis* shares	04/29/2011	1,233,400	0	04/30/2014	04/30/2016	58,603	1,174,797
Plan 19 bis shares(1)	12/08/2011	609,900	0	12/09/2013	12/09/2015	311,850	298,050
Plan 20 bis shares(2)	12/13/2012	679,900	0	12/13/2014	12/12/2016	94,200	585,700
Annual General Meeting authorization granted on April 30, 2013							
Plan 21 shares	02/12/2014	313,807	100,000	02/12/2018	02/12/2018	16,120	297,687
Plan 21 *bis* shares	02/12/2014	980,045	0	02/12/2017	02/12/2019	6,320	973,725
Plan 22 shares	02/11/2015	367,605	100,000	02/11/2019	02/11/2019	15,840	351,765
Plan 22 *bis* shares	02/11/2015	1,053,650	0	02/11/2018	02/11/2020	10,110	1,043,540
Annual General Meeting authorization granted on April 29, 2016							
Plan 23 shares	04/29/2016	331,605	0	04/29/2020	04/29/2020	0	331,605
Plan 23 shares	04/29/2016	1,007,200	0	04/02/2019	04/29/2019	0	1,007,200
Plan 23 bis shares	07/27/2016	100,000	100,000	07/27/2020	07/27/2020	0	100,000

* *Renault pays particular attention to the demands of long-term compensation plans. For example, the Board of Directors noted that the objectives of Plans 17 had not been reached. As a result, all the awards corresponding to these plans have been canceled.*

(1) *The Board of Directors noted on February 13, 2013, that the 2012 operating margin target was not reached but that the FCF target was reached. As a result, 50% of the shares corresponding to Plan 19 bis have been canceled.*

(2) *The Board of Directors' noted on February 12, 2014,that 88.48% of performance criteria had been achieved. As a result, 11.52% of the shares corresponding to Plan 20 bis have been canceled.*

INFORMATION ON THE TEN EMPLOYEES OTHER THAN COMPANY OFFICERS

(PURSUANT TO THE PROVISIONS OF ARTICLE L. 225-84 OF THE FRENCH COMMERCIAL CODE)

Summary of stock options awarded and exercised by the 10 employees, other than company officers, receiving the highest number of options	Total Number of options granted/ Shares subscribed or acquired	Exercise price	Plan 18	Plan 19(1)	Plan 20(2)
Options awarded by the issuer, or any option-granting company to the ten employees of this issuer or any company within this scope, receiving the highest number of options (aggregate information)	478,800	Plan 18 = €38.80 Plan 19 = €26.87 Plan 20 = €37.43	240,000	62,000	176,800
Options on the shares of the issuer or the aforementioned companies exercised by the ten employees of this issuer and these companies, acquiring or subscribing the largest number of options (aggregate information)	192,991		135,738	30,000	27,253

(1) *The Board of Directors noted on February 13, 2013, that the 2012 operating margin target had not been reached. As a result, 50% of the stock options corresponding to Plan 19 have been cancelled.*

(2) *The Board of Directors' noted on February 12, 2014, that 88.48% of performance criteria had been achieved. As a result, 11.52% of the stock options corresponding to Plan 20 have been cancelled.*

(PURSUANT TO THE PROVISIONS OF ARTICLE L. 225-197-4 OF THE FRENCH COMMERCIAL CODE)

Summary of performance shares awarded to the 10 employees other than company officers and shares definitively acquired by these employees	Total Number of shares granted	Plan 18 *bis*	Plan 19 *bis* (1)	Plan 20 *bis*(2)	Plan 21	Plan 22	Plan 23
Shares awarded by the issuer, or any performance share-granting company to the ten employees of this issuer or any company within this scope, receiving the highest number of shares (aggregate information)	811,000	110,000	68,000	78,000	185,000	185,000	185,000
Shares held on the issuer or the aforementioned companies, and acquired by the ten employees of this issuer and these companies, acquiring the largest number of shares (aggregate information)	213,015	110,000	34,000	69,015	0	0	0

(1) *The Board of Directors noted on February 13, 2013, that the 2012 operating margin target had not been reached. As a result, 50% of the shares corresponding to Plan 19 bis have been canceled.*

(2) *The Board of Directors' noted on February 12, 2014, that 88.48% of performance criteria had been achieved. As a result, 11.52% of the shares corresponding to Plan 20 bis have been canceled.*

3.3.4.4 ADDITIONAL INFORMATION

Pursuant to the Afep/Medef Code, the executive officer has formally committed not to engage in hedging Transactions on the performance shares until the lock-up period set by the Board of Directors has expired.

3.4 Information on transactions in shares

Both the Board of Directors and certain Groupe Renault employees have access, in the performance of their duties, to inside information, and are therefore subject to the provisions of Regulation (EU) 596/2014 of April 16, 2014 on market abuse (the "**Regulation**") and in particular to the provisions of Article 9 of the regulation related to insider trading.

Within this context, the Company, in accordance with the provisions of Article 18 of the Regulation, (i) keeps a list of persons who qualify as insiders for each item of inside information, and (ii) keeps a list of persons classed as permanent insiders, based on the templates set out in Appendix I of the implementing regulation (EU) 2016/347 of March 10, 2016, both of which are available to the French Financial Markets Authority (AMF).

The relevant persons within the Company are informed of the rules of good conduct and the required declarations applicable to transactions completed personally on the Company securites to the French Financial Markets Authority and to the Company.

Renault ALASKAN (U60)

2006 OPERATING PROFIT

IN € M	% OF REVENUES
3,282	6.4%

Financial statements

04

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 free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters.

These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken of outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the 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, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Renault;
- the justification of our assessments;
- the specific verification required by the law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French company law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- for the purpose of preparing the consolidated financial statements, Renault makes certain estimates and assumptions concerning, in particular, the value of certain asset, liability, income and expense accounts, the main items of which are summarized in note 2-B to the consolidated financial statements. For all these items, we assessed the appropriateness of the accounting rules and methods applied and disclosures provided in the notes to the financial statements. We also reviewed the consistency of the underlying assumptions, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made;
- as disclosed in notes 3B and 13A to the consolidated financial statements, Alliance Rostec Auto B.V. and the Russian group AVTOVAZ are fully integrated in the Renault consolidated financial statements from December 31, 2016 onwards. We have reviewed the operations which led to this full consolidation and their accounting treatment for the 2016 period end closing. We have also verified that the information given in the notes to the consolidated financial statements on this operation (notes 3B and 13A), on the accounting principles of the AVTOVAZ group (notes 2A4, 2L, 2M and 2O), as well as on the information given in the notes to "Information on operating segments and regions" is appropriate;
- as disclosed in note 12-A to the consolidated financial statements, the group accounts for its investment in Nissan by the equity method. Our audit of the scope of consolidation included a review of the factual and legal aspects of the Alliance which serve as the underlying basis for this accounting policy. We have also verified that the information given in note 12 to the consolidated financial statements is appropriate;
- as part of our assessment of the accounting policies applied by your company, we have reviewed the methodology adopted for the capitalization of development costs as intangible assets, their amortization and the verification of their recoverable amount and we have verified that these methods were properly disclosed in the notes 2-K and 10-A2;
- as disclosed in the note 8-B to the consolidated financial statements, the group has partially recognized the net deferred tax assets of French tax group; we have reviewed the consistency of the underlying assumptions on forecast taxable income and associated use of losses carried forward, the quantified impact thereof and the available documentation and assessed on this basis the reasonableness of estimates made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, February 14, 2017

The statutory auditors

French original signed by

KPMG Audit *A Department of KPMG S.A.*	ERNST & YOUNG Audit

4.2 Consolidated financial statements ♦

4.2.1 Consolidated income statement

(€ million)	Notes	2016	2015 restated (1)
Revenues	**4**	**51,243**	**45,327**
Cost of goods and services sold		(40,256)	(36,094)
Research and development expenses	10-A	(2,370)	(2,044)
Selling, general and administrative expenses		(5,335)	(4,814)
Operating margin	**5**	**3,282**	**2,375**
Other operating income and expenses	6	1	(199)
Other operating income	*6*	*727*	*77*
Other operating expenses	*6*	*(726)*	*(276)*
Operating income (loss)		**3,283**	**2,176**
Cost of net financial indebtedness	7	(284)	(225)
Cost of gross financial indebtedness	*7*	*(385)*	*(387)*
Income on cash and financial assets	*7*	*101*	*162*
Other financial income and expenses	7	(39)	4
Financial income (expenses)	**7**	**(323)**	**(221)**
Share in net income (loss) of associates and joint ventures		**1,638**	**1,371**
Nissan	*12*	*1,741*	*1,976*
Other associates and joint ventures	*13*	*(103)*	*(605)*
Pre-tax income		**4,598**	**3,326**
Current and deferred taxes	8	(1,055)	(366)
NET INCOME		**3,543**	**2,960**
Net income – non-controlling interests'share		124	137
Net income – parent-company shareholders'share		3,419	2,823
Basic earnings per share (2) (in €)		12.57	10.35
Diluted earnings per share (2) (in €)		12.46	10.29
Number of shares outstanding (in thousands)			
For basic earnings per share	*9*	*271,968*	*272,708*
For diluted earnings per share	*9*	*274,331*	*274,314*

(1) Taxes based on taxable profit as defined by IAS 12 "Income taxes", which were previously included in operating expenses, are reclassified as income taxes from 2016, and the opposite reclassification applies for taxes that do not correspond to the standard's definition of taxes based on taxable profit. The presentation of the 2015 financial statements has been restated accordingly. Details of the reclassifications are presented in notes 2-A2 and 2-A3.

(2) Net income – parent-company shareholders'share divided by number of shares stated.

♦ *GRI [G4-17]*

4.2.2 Consolidated comprehensive income

	2016			2015 restated (1)		
(€ million)	Gross	Tax effect (2)	Net	Gross	Tax effect (2) (1)	Net
Net income	**4,598**	**(1,055)**	**3,543**	**3,326**	**(366)**	**2,960**
Other components of comprehensive income from parent-company and subsidiaries						
Items that will not be reclassified subsequently to profit or loss	***(176)***	***159***	***(17)***	***52***	***(43)***	***9***
Actuarial gains and losses on defined-benefit pension plans	(176)	159	(17)	52	(43)	9
Items that have been or will be reclassified subsequently to profit or loss	***(213)***	***240***	***27***	***(193)***	***78***	***(115)***
Translation adjustments on foreign activities (3)	38	-	38	(299)	-	(299)
Partial hedge of the investment in Nissan	(70)	204	134	(103)	85	(18)
Fair value adjustments on cash flow hedging instruments (4)	(68)	59	(9)	56	(24)	32
Fair value adjustments on available-for-sale financial assets (5)	(113)	(23)	(136)	153	17	170
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME FROM PARENT-COMPANY AND SUBSIDIARIES (A)	**(389)**	**399**	**10**	**(141)**	**35**	**(106)**
Share of associates and joint ventures in other components of comprehensive income						
Items that will not be reclassified subsequently to profit or loss	***(225)***	***-***	***(225)***	***(89)***	***-***	***(89)***
Actuarial gains and losses on defined-benefit pension plans	(225)	-	(225)	(89)	-	(89)
Items that have been or will be reclassified subsequently to profit or loss (6)	***230***	***-***	***230***	***1,450***	***-***	***1,450***
Translation adjustments on foreign activities	229	-	229	1,462	-	1,462
Other adjustments	1	-	1	(12)	-	(12)
TOTAL SHARE OF ASSOCIATES AND JOINT VENTURES IN OTHER COMPONENTS OF COMPREHENSIVE INCOME (B)	**5**	**-**	**5**	**1,361**	**-**	**1,361**
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	**(384)**	**399**	**15**	**1,220**	**35**	**1,255**
COMPREHENSIVE INCOME	**4,214**	**(656)**	**3,558**	**4,546**	**(331)**	**4,215**
Parent-company shareholders'share	-	-	3,435	-	-	4,070
Non-controlling interests'share	-	-	123	-	-	145

(1) The change in presentation concerning income taxes, and the resulting reclassifications in the 2015 financial statements, are presented in notes 2-A2 and 2-A3.

(2) The tax effect includes income of €44 million in 2016 (€239 million in 2015) resulting from recognition of net deferred tax assets of the French tax consolidation group, comprising €(301) million related to net income and €345 million relating to other components of comprehensive income (respectively income of €188 million and €51 million in 2015) (note 8-B).

(3) Including €23 reclassified to profit or loss for this item in 2016 (no such reclassifications in 2015).

(4) Including €(4) million reclassified to profit or loss in 2016 (€8 million in 2015).

(5) Including €(1) million reclassified to profit or loss in 2016 (€7 million in 2015).

(6) Including €349 million reclassified to profit or loss in 2016 (€(19) million in 2015).

4

4.2.3 Consolidated financial position

(€ million)	Notes	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Intangible assets and *goodwill*	10-A	4,899	3,570
Property, plant and equipment	10-B	12,988	11,171
Investments in associates and joint ventures		19,026	19,356
Nissan	*12*	*18,304*	*18,571*
Other associates and joint ventures	*13*	*722*	*785*
Non-current financial assets	22	1,392	1,478
Deferred tax assets	8	922	881
Other non-current assets	17	1,366	1,131
TOTAL NON-CURRENT ASSETS		**40,593**	**37,587**
Current assets			
Inventories	14	5,821	4,128
Sales financing receivables	15	34,358	28,605
Automotive receivables	16	1,914	1,262
Current financial assets	22	1,908	1,760
Current tax assets	17	44	62
Other current assets	17	3,612	3,068
Cash and cash equivalents	22	13,853	14,133
TOTAL CURRENT ASSETS		**61,510**	**53,018**
TOTAL ASSETS		**102,103**	**90,605**

(€ million)	Notes	December 31, 2016	December 31, 2015
SHAREHOLDERS'EQUITY AND LIABILITIES			
Shareholders'equity			
Share capital		1,127	1,127
Share premium		3,785	3,785
Treasury shares		(321)	(227)
Revaluation of financial instruments		758	890
Translation adjustment		(1,668)	(2,059)
Reserves		23,643	21,653
Net income – parent-company shareholders'share		3,419	2,823
Shareholders'equity – parent-company shareholders'share		**30,743**	**27,992**
Shareholders'equity – non-controlling interests'share		152	482
TOTAL SHAREHOLDERS'EQUITY	**18**	**30,895**	**28,474**
Non-current liabilities			
Deferred tax liabilities	8	124	122
Provisions for pension and other long-term employee benefit obligations – long-term	19	1,717	1,550
Other provisions – long-term	20	1,457	1,178
Non-current financial liabilities	23	4,639	5,707
Other non-current liabilities	21	1,518	1,285
TOTAL NON-CURRENT LIABILITIES		**9,455**	**9,842**
Current liabilities			
Provisions for pension and other long-term employee benefit obligations – short-term	19	54	50
Other provisions – short-term	20	1,105	997
Current financial liabilities	23	5,248	4,143
Sales financing debts	23	36,041	30,740
Trade payables		9,533	8,295
Current tax liabilities	21	321	219
Other current liabilities	21	9,451	7,845
TOTAL CURRENT LIABILITIES		**61,753**	**52,289**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES		**102,103**	**90,605**

4.2.4 Changes in 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
BALANCE AT DECEMBER 31, 2014 AS PUBLISHED	**295,722**	**1,127**	**3,785**	**(134)**	**703**	**(3,276)**	**20,381**	**1,890**	**24,476**	**422**	**24,898**
Restatement for application of IFRIC 21[(1)]							39		39		39
AVTOVAZ restatement[(2)]						2	(27)	15	(10)		(10)
RESTATED BALANCE AT DECEMBER 31, 2014	**295,722**	**1,127**	**3,785**	**(134)**	**703**	**(3,274)**	**20,393**	**1,905**	**24,505**	**422**	**24,927**
2015 net income								2,823	2,823	137	2,960
Other components of comprehensive income[(3)]					187	1,138	(78)		1,247	8	1,255
2015 comprehensive income					***187***	***1,138***	***(78)***	***2,823***	***4,070***	***145***	***4,215***
Allocation of 2014 net income							1,905	(1,905)			
Dividends							(518)		(518)	(65)	(583)
(Acquisitions)/ disposals of treasury shares and impact of capital increases				(93)					(93)		(93)
Changes in ownership interests[(4)]						77	(80)		(3)	(20)	(23)
Cost of share-based payments							31		31		31
BALANCE AT DECEMBER 31, 2015	**295,722**	**1,127**	**3,785**	**(227)**	**890**	**(2,059)**	**21,653**	**2,823**	**27,992**	**482**	**28,474**
2016 net income								3,419	3,419	124	3,543
Other components of comprehensive income[(3)]					(132)	391	(243)		16	(1)	15
2016 comprehensive income					***(132)***	***391***	***(243)***	***3,419***	***3,435***	***123***	***3,558***
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[(4)]							9		9	(344)	(335)
Cost of share-based payments							56		56		56
BALANCE AT DECEMBER 31, 2016	**295,722**	**1,127**	**3,785**	**(321)**	**758**	**(1,668)**	**23,643**	**3,419**	**30,743**	**152**	**30,895**

(1) The restatement resulting from retrospective application of IFRIC 21 "Levies" is presented in note 2 to the 2015 consolidated financial statements.

(2) For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the AVTOVAZ accounts were previously consolidated with a 3-month time-lag. This practice ended as of December 31, 2015 (note 13-A to the 2015 consolidated financial statements).

(3) Changes in reserves correspond to actuarial gains and losses net of tax on defined-benefit pension plans during the period.

(4) Changes in ownership interests comprise the effect of acquisitions and disposals of investments, and commitments for buyouts of non-controlling interests. In 2015, they include a €79 million reclassification between translation adjustments and reserves concerning the foreign exchange effect of transactions undertaken in previous years.

Details of changes in consolidated shareholders'equity in 2016 are given in note 18.

4.2.5 Consolidated cash flows

(€ million)	NOTES	2016	2015 restated[1]
Net income		**3,543**	**2,960**
Cancellation of dividends received from unconsolidated listed investments		(44)	(34)
Cancellation of income and expenses with no impact on cash			
Depreciation, amortization and impairment		2,840	2,728
Share in net (income) loss of associates and joint ventures		(1,638)	(1,371)
Other income and expenses with no impact on cash, before interest and tax	26-A	1,405	450
Dividends received from unlisted associates and joint ventures		1	-
Cash flows before interest and tax[2]		**6,107**	**4,733**
Dividends received from listed companies[3]		**772**	**581**
Net change in financing for final customers		(3,934)	(3,136)
Net change in renewable dealer financing		(1,981)	(233)
Decrease (increase) in sales financing receivables		**(5,915)**	**(3,369)**
Bond issuance by the Sales Financing segment	23-C	5,353	3,814
Bond redemption by the Sales Financing segment	23-C	(3,673)	(2,640)
Net change in other sales financing debts		4,030	3,729
Net change in other securities and loans of the Sales Financing segment		(412)	59
Net change in financial assets and debts of the Sales Financing segment		**5,298**	**4,962**
Change in capitalized leased assets		**(705)**	**(522)**
Decrease (increase) in working capital before tax	**26-B**	**(239)**	**417**
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX		**5,318**	**6,802**
Rest paid		90	141
Interest received		(416)	(416)
Current taxes (paid)/ received		(603)	(492)
CASH FLOWS FROM OPERATING ACTIVITIES		**4,389**	**6,035**
Capital expenditure	26-C	(3,097)	(2,801)
Disposals of property, plant and equipment and intangibles		44	66
Acquisitions of investments involving gain of control, net of cash acquired[4]		(133)	(3)
Acquisitions of other investments, net of cash acquired		(48)	(25)
Disposals of other investments, net of cash transferred and other[5]		1,120	13
Net decrease (increase) in other securities and loans of the Automotive segments		207	(299)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1,907)**	**(3,049)**
Dividends paid to parent-company shareholders	18-D	(701)	(555)
Dividends paid to non-controlling interests		(108)	(65)
(Acquisitions) sales of treasury shares		(102)	(102)
Cash flows with shareholders		**(911)**	**(722)**
Bond issuance by the Automotive segments	23-C	616	533
Bond redemption by the Automotive segments	23-C	(1,510)	(1,403)
Net increase (decrease) in other financial liabilities of the Automotive segments		(1,040)	540
Net change in financial liabilities of the Automotive segments	**23-B**	**(1,934)**	**(330)**
CASH FLOWS FROM FINANCING ACTIVITIES		**(2,845)**	**(1,052)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(363)**	**1,934**

(1) Interest and current taxes received and paid are now reported on separate lines in the statement of consolidated cash flows, and interest on derivatives on financing operations of the Automotive segments is now classified as cash flows from operating activities. The resulting reclassifications for 2015 are presented in notes 2-A2 and 2-A3.

(2) Cash flows before interest and tax do not include dividends received from listed companies.

(3) Dividends received from Daimler (€44 million in 2016 and €34 million in 2015) and Nissan (€728 million in 2016 and €547 million in 2015).

(4) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent-company amounts 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).

(€ million)	2016	2015
Cash and cash equivalents: opening balance	**14,133**	**12,497**
Increase (decrease) in cash and cash equivalents	(363)	1,934
Effect of changes in exchange rate and other changes	83	(298)
Cash and cash equivalents: closing balance [1]	**13,853**	**14,133**

(1) Cash subject to restrictions on use is described in note 22-C.

4.2.6 Notes to the consolidated financial statements

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.

- 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, automobile 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 AVTOVTAZ (until December 28, 2016).
- The Sales Financing segment, which the Group considers as an operating activity in its own right, carried out for the distribution network and final customers by RCI Banque, its subsidiaries and its investments in associates and joint ventures, is unchanged.
- From the date of acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V. and the AVTOVAZ Group in December 2016, the Group has a third operating segment called "AVTOVAZ", which consists of the Russian automotive subgroup and its parent-company. Details of this operation are given in notes 3-B and 13–A.

As the acquisition of control, as defined by IFRS 10, took place on December 28, 2016, the figures for the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment are established as follows:

- the net income of Alliance Rostec Auto B.V. and the AVTOVAZ Group for 2016 is still included by the equity method in the Automotive (excluding AVTOVAZ) segment, as in 2015;
- the income generated by the acquisition of control under IFRS 10 is included in the net income of the Automotive (excluding AVTOVAZ) segment (see note 6-B);
- as the impact of full consolidation of Alliance Rostec Auto B.V. and the AVTOVAZ Group on the fully consolidated entities'net income and changes in cash between December 28, 2016 and December 31, 2016 is judged non-significant, full consolidation is applied from December 31, 2016;
- the year-end balance sheet figures at December 31, 2016 for Alliance Rostec Auto B.V. and the AVTOVAZ Group are included in the consolidated financial position of the new AVTOVAZ segment at December 31, 2016. In the tables presenting balance sheet figures for 2016, the first consolidation of these entities is presented in changes in the scope of consolidation;
- the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ in 2016 as in 2015.

A - Information by operating segment

A1 Consolidated income statement by operating segment

	Automotive (excluding AVTOVAZ)[1]	Sales Financing	Intersegment transactions	Consolidated total
2016[2]				
Sales of goods	46,993	28	-	47,021
Sales of services	2,002	2,220	-	4,222
External sales	**48,995**	**2,248**	**-**	**51,243**
Intersegment sales	(430)	464	(34)	-
Sales by segment	**48,565**	**2,712**	**(34)**	**51,243**
Operating margin[3]	**2,327**	**896**	**59**	**3,282**
Operating income (loss)	**2,326**	**898**	**59**	**3,283**
Financial income (expenses)	**(323)**	**-**	**-**	**(323)**
Share in net income (loss) of associates and joint ventures	**1,631**	**7**	**-**	**1,638**
Pre-tax income	**3,634**	**905**	**59**	**4,598**
Current and deferred taxes	(754)	(285)	(16)	(1,055)
Net income	**2,880**	**620**	**43**	**3,543**
2015 RESTATED[4]				
Sales of goods	41,180	31	-	41,211
Sales of services	1,928	2,188	-	4,116
External sales	**43,108**	**2,219**	**-**	**45,327**
Intersegment sales	(364)	412	(48)	-
Sales by segment	**42,744**	**2,631**	**(48)**	**45,327**
Operating margin[3]	**1,535**	**829**	**11**	**2,375**
Operating income (loss)	**1,338**	**827**	**11**	**2,176**
Financial income (expenses)[5]	**(72)**	**-**	**(149)**	**(221)**
Share in net income (loss) of associates and joint ventures	**1,367**	**4**	**-**	**1,371**
Pre-tax income	**2,633**	**831**	**(138)**	**3,326**
Current and deferred taxes	(85)	(277)	(4)	(366)
Net income	**2,548**	**554**	**(142)**	**2,960**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

(2) As the impact of the AVTOVAZ Group and its parent-company on the net income between December 28, 2016 and December 31, 2016 is judged non-significant, full consolidation is applied from December 31, 2016 (note 3-B).

(3) Details of depreciation, amortization and impairment are provided in the consolidated cash flow statements by operating segment.

(4) The change in presentation concerning income taxes and the resulting reclassifications in the 2015 financial statements are presented in notes 2-A2 and 2-A3.

(5) Sales financing dividends are included in the Automotive (excluding AVTOVAZ) segment's financial income and eliminated as an intersegment transaction.

A2 Consolidated financial position by operating segment

CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT – ASSETS - DECEMBER 31, 2016

(€ million)	Automotive (excluding AVTOVAZ)[(1)]	AVTOVAZ	Intra Automotive Transactions	Total Automotive	Sales Financing	Intersegment transactions	Consolidated total
ASSETS							
Non-current assets							
Property, plant and equipment and intangible assets	15,843	1,665	-	17,508	388	(9)	17,887
Investments in associates and joint ventures	18,888	41	-	18,929	97	-	19,026
Non-current financial assets – investments in companies	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	13	(57)	122	-	-	122
Deferred tax assets and other non-current assets	1,897	71	-	1,968	376	(56)	2,288
TOTAL NON-CURRENT ASSETS	**42,584**	**1,790**	**(566)**	**43,808**	**862**	**(4,077)**	**40,593**
Current assets							
Inventories	5,456	320	-	5,776	54	(9)	5,821
Customer receivables	2,377	265	(451)	2,191	34,923	(842)	36,272
Current financial assets	1,228	-	(40)	1,188	1,383	(663)	1,908
Current tax assets and other current assets	2,417	305	(178)	2,544	4,171	(3,059)	3,656
Cash and cash equivalents	11,820	277	-	12,097	1,894	(138)	13,853
TOTAL CURRENT ASSETS	**23,298**	**1,167**	**(669)**	**23,796**	**42,425**	**(4,711)**	**61,510**
TOTAL ASSETS	**65,882**	**2,957**	**(1,235)**	**67,604**	**43,287**	**(8,788)**	**102,103**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1). In 2015, it also includes the value of the investment in the associate AVTOVAZ, amounting to €91 million.

CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT – SHAREHOLDERS'EQUITY AND LIABILITY - DECEMBER 31, 2016

(€ million)	Automotive (excluding AVTOVAZ)[(1)]	AVTOVAZ	Intra Automotive Transactions	Total automotive	Sales Financing	Intersegment transactions	Consolidated total
SHAREHOLDERS'EQUITY AND LIABILITIES							
Shareholders'equity	**31,098**	**(11)**	**(330)**	**30,757**	**4,028**	**(3,890)**	**30,895**
Non-current liabilities							
Long-term provisions	2,700	10	-	2,710	464	-	3,174
Non-current financial liabilities	3,851	1,011	(235)	4,627	12	-	4,639
Deferred tax liabilities and other non-current liabilities	945	83	-	1,028	614	-	1,642
TOTAL NON-CURRENT LIABILITIES	**7,496**	**1,104**	**(235)**	**8,365**	**1,090**	**-**	**9,455**
Current liabilities							
Short-term provisions	1,055	78	-	1,133	26	-	1,159
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
TOTAL CURRENT LIABILITIES	**27,288**	**1,864**	**(670)**	**28,482**	**38,169**	**(4,898)**	**61,753**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES	**65,882**	**2,957**	**(1,235)**	**67,604**	**43,287**	**(8,788)**	**102,103**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT – DECEMBER 31, 2015

(€ million)	Automotive (excluding AVTOVAZ)[(1)]	Sales Financing	Intersegment transactions	Consolidated total
ASSETS				
Non-current assets				
Property, plant and equipment and intangible assets	14,415	336	(10)	14,741
Investments in associates and joint ventures	19,284	72	-	19,356
Non-current financial assets – investments in companies	4,830	2	(3,460)	1,372
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segments	119	-	(13)	106
Deferred tax assets and other non-current assets	1,745	300	(33)	2,012
TOTAL NON-CURRENT ASSETS	**40,393**	**710**	**(3,516)**	**37,587**
Current assets				
Inventories	4,087	49	(8)	4,128
Customer receivables	1,455	29,094	(682)	29,867
Current financial assets	1,475	1,007	(722)	1,760
Current tax assets and other current assets	2,132	3,505	(2,507)	3,130
Cash and cash equivalents	11,571	2,672	(110)	14,133
TOTAL CURRENTS ASSETS	**20,720**	**36,327**	**(4,029)**	**53,018**
TOTAL ASSETS	**61,113**	**37,037**	**(7,545)**	**90,605**

(€ million)	Automotive (excluding AVTOVAZ)[(1)]	Sales Financing	Intersegment transactions	Consolidated total
SHAREHOLDERS'EQUITY AND LIABILITIES				
Shareholders'equity	**28,389**	**3,461**	**(3,376)**	**28,474**
Non-current liabilities				
Long-term provisions	2,355	373	-	2,728
Non-current financial liabilities	5,693	14	-	5,707
Deferred tax liabilities and other non-current liabilities	868	539	-	1,407
TOTAL NON-CURRENT LIABILITIES	**8,916**	**926**	**-**	**9,842**
Current liabilities				
Short-term provisions	1,023	24	-	1,047
Current financial liabilities	4,811	-	(668)	4,143
Trade payables and sales financing debts	8,389	31,474	(828)	39,035
Current tax liabilities and other current liabilities	9,585	1,152	(2,673)	8,064
TOTAL CURRENT LIABILITIES	**23,808**	**32,650**	**(4,169)**	**52,289**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES	**61,113**	**37,037**	**(7,545)**	**90,605**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1). In 2015, it also includes the value of the investment in the associate AVTOVAZ, amounting to €91 million.

A3 Consolidated cash flows by operating segment

(€ million)	Automotive (excluding AVTOVAZ)(1)	Sales Financing	Intersegment transactions	Consolidated total
2016(2)				
Net income	**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 unlisted associates and joint ventures	-	1	-	1
Cash flows, before interest and tax(3)	**5,043**	**1,005**	**59**	**6,107**
Dividends received from listed companies(4)	**772**	**-**	**-**	**772**
Decrease (increase) in sales financing receivables	-	(6,007)	92	(5,915)
Net change in financial assets and sales financing debts	-	5,276	22	5,298
Change in capitalized leased assets	(564)	(141)	-	(705)
Decrease (increase) in working capital before tax	356	(615)	20	(239)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**5,607**	**(482)**	**193**	**5,318**
Interest received	114	-	(24)	90
Interest paid	(441)	-	25	(416)
Current taxes (paid)/received	(354)	(254)	5	(603)
CASH FLOWS FROM OPERATING ACTIVITIES	**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 intangibles	44	-	-	44
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired(5)	(397)	(18)	282	(133)
Acquisitions and disposals of other investments and other(6)	1,087	(15)	-	1,072
Net decrease (increase) in other securities and loans of the Automotive segments	268	-	(61)	207
CASH FLOWS FROM INVESTING ACTIVITIES	**(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)
CASH FLOWS FROM FINANCING ACTIVITIES	**(2,684)**	**(15)**	**(146)**	**(2,845)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**153**	**(790)**	**274**	**(363)**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

(2) 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 is judged non-significant, full consolidation is applied from December 31, 2016 (note 3-B).

(3) Cash flow before interest and tax does not include dividends received from listed companies.

(4) Dividends received from Daimler (€44 million) and Nissan (€728 million).

(5) The effect of acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent-company amounts to €(104) million in 2016, including €282 million of cash acquired.

(6) 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).

(€ million)	Automotive (excluding AVTOVAZ) (1)	Sales Financing	Intersegment transactions	Consolidated total
2016 (2)				
CASH AND CASH EQUIVALENTS: OPENING BALANCE	**11,571**	**2,672**	**(110)**	**14,133**
Increase (decrease) in cash and cash equivalents	153	(790)	274	(363)
Effect of changes in exchange rate and other changes	96	12	(25)	83
CASH AND CASH EQUIVALENTS: CLOSING BALANCE	**11,820**	**1,894**	**139**	**13,853**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

(2) 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 is judged non-significant, full consolidation is applied from December 31, 2016 (note 3-B).

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(€ million)	Automotive (excluding AVTOVAZ)[1]	Sales Financing	Intersegment transactions	Consolidated total
2015 RESTATED[2]				
Net income	**2,548**	**554**	**(142)**	**2,960**
Cancellation of dividends received from unconsolidated listed investments	(34)	-	-	(34)
Cancellation of income and expenses with no impact on cash				
Depreciation, amortization and impairment	2,689	39	-	2,728
Share in net (income) loss of associates and joint ventures	(1,367)	(4)	-	(1,371)
Other income and expenses with no impact on cash, before interest and tax	132	304	14	450
Dividends received from unlisted associates and joint ventures	-	-	-	-
Cash flows, before interest and tax[3]	**3,968**	**893**	**(128)**	**4,733**
Dividends received from listed companies[4]	**581**	**-**	**-**	**581**
Decrease (increase) in sales financing receivables	-	(3,357)	(12)	(3,369)
Net change in financial assets and sales financing debts	-	4,941	21	4,962
Change in capitalized leased assets	(352)	(170)	-	(522)
Decrease (increase) in working capital before tax	648	(258)	27	417
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INTEREST AND TAX	**4,845**	**2,049**	**(92)**	**6,802**
Interest received	174	-	(33)	141
Interest paid	(439)	-	23	(416)
Current taxes (paid)/received	(219)	(273)	-	(492)
CASH FLOWS FROM OPERATING ACTIVITIES	**4,361**	**1,776**	**(102)**	**6,035**
Purchases of intangible assets	(955)	(1)	-	(956)
Purchases of property, plant and equipment	(1,840)	(5)	-	(1,845)
Disposals of property, plant and equipment and intangibles	66	-	-	66
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	-	(3)	-	(3)
Acquisitions and disposals of other investments and other assets	1	(13)	-	(12)
Net decrease (increase) in other securities and loans of the Automotive segments	(289)	-	(10)	(299)
CASH FLOWS FROM INVESTING ACTIVITIES	**(3,017)**	**(22)**	**(10)**	**(3,049)**
Cash flows with shareholders	(701)	(171)	150	(722)
Net change in financial liabilities of the Automotive segments	(346)	-	16	(330)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,047)**	**(171)**	**166**	**(1,052)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**297**	**1,583**	**54**	**1,934**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

(2) The change in presentation concerning interest and current taxes received and paid and the resulting reclassifications in the 2015 financial statements are presented in notes 2-A2 and 2-A3.

(3) Cash flow before interest and tax does not include dividends received from listed companies.

(4) Dividends received from Daimler (€34 million) and Nissan (€547 million).

(€ million)	Automotive (excluding AVTOVAZ)[1]	Sales Financing	Intersegment transactions	Consolidated total
2015				
CASH AND CASH EQUIVALENTS: OPENING BALANCE	**11,591**	**1,102**	**(196)**	**12,497**
Increase (decrease) in cash and cash equivalents	297	1,583	54	1,934
Effect of changes in exchange rate and other changes	(317)	(13)	32	(298)
CASH AND CASH EQUIVALENTS: CLOSING BALANCE	**11,571**	**2,672**	**(110)**	**14,133**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and AVTOVAZ, and the net income of the AVTOVAZ Group and its parent-company, accounted for by the equity method (see 4.2.6.1).

A4 – Other information for the automotive segments: net cash position or net financial indebtness 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 OR NET FINANCIAL INDEBTEDNESS

(€ million)	December 31, 2016				December 31, 2015
	Automotive (excluding AVTOVAZ)(1)	AVTOVAZ	Intra-Automotive	TOTAL Automotive	Automobile (excluding AVTOVAZ)(1)
Non-current financial liabilities	(3,849)	(1,011)	235	(4,625)	(5,693)
Current financial liabilities	(5,343)	(746)	40	(6,049)	(4,811)
Non-current financial assets – other securities, loans and derivatives on financing operations	166	-(2)	(57)	109(2)	119
Current financial assets	1,228	-	(40)	1,188	1,475
Cash and cash equivalents	11,820	277	-	12,097	11,571
Capitalisable loans from Renault s.a.s. to AVTOVAZ	(97)	-	97	-	-
NET CASH POSITION (NET FINANCIAL INDEBTEDNESS) OF THE AUTOMOTIVE SEGMENTS	**3,925**	**(1,480)**	**275**	**2,720**	**2,661**

(1) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment (see 4.2.6.1).
(2) Excluding a €13 million loan by AVTOVAZ to a supplier.

OPERATIONAL FREE CASH FLOW

(€ million)	2016	2015 restated(1)
AUTOMOTIVE (EXCLUDING AVTOVAZ)(2)		
Cash flows before interest and tax (excluding dividends from listed companies)	5,043	3,968
Change in the working capital requirement before tax	356	648
Interest received by the Automotive (excluding AVTOVAZ) segment	114	174
Interest paid by the Automotive (excluding AVTOVAZ) segment	(441)	(439)
Current taxes (paid)/received	(354)	(219)
Acquisitions of property, plant and equipment, and intangible assets net of disposals	(3,047)	(2,729)
Capitalized leased vehicles and batteries	(564)	(352)
Operational free cash flow of the Automotive (excluding AVTOVAZ) segment	**1,107**	**1,051**

(1) The change in presentation concerning interest and current taxes received and paid, and the resulting reclassifications in the 2015 financial statements, are presented in notes 2-A2 and 2-A3
(2) In 2015 and 2016 the Automotive (excluding AVTOVAZ) segment includes transactions between the Automotive (excluding AVTOVAZ) segment and the AVTOVAZ segment (see 4.2.6.1).

As the impact of the AVTOVAZ Group and its parent-company between December 28, 2016 and December 31, 2016 is judged non-significant, there is no AVTOVAZ segment contribution to the Group's operational free cash flow for 2016 (note 3-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 intangibles are presented by location of subsidiaries and joint operations.

(€ million)	Europe(1)	Americas	Asia-Pacific	Africa- Middle East - India	Eurasia(2)	Consolidated total
2016						
Revenues	33,195	4,194	5,434	4,212	4,208	51,243
Property, plant and equipment and intangibles	12,038	1,054	589	714	3,492	17,887
2015						
Revenues	28,976	4,173	4,351	3,782	4,045	45,327
Property, plant and equipment and intangibles	11,116	711	554	721	1,639	14,741

(1) Including the following for France:

(€ million)	2016	2015
Revenues	11,968	10,154
Property, plant and equipment and intangibles	9,680	9,108

(2) Including property, plant and equipment and intangibles of AVTOVAZ in the amount of € 1,665 million at December 31, 2016.

4.2.6.2 Accounting policies and scope of consolidation

NOTE 1

APPROVAL OF THE FINANCIAL STATEMENTS

The Renault Group's consolidated financial statements for 2016 were finalized at the Board of Directors'meeting of February 9, 2017 and will be submitted for approval by the shareholders at the General Shareholders'Meeting.

NOTE 2

ACCOUNTING POLICIES

In application of European regulations, Renault's consolidated financial statements for 2016 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2016 and adopted by the European Union at the year-end.

A - Changes in accounting policies

A1 –Changes in 2016

At December 31, 2016 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, 2016

Amendments to IAS 1	Disclosure initiative
Amendments to IAS 19	Defined-benefit plans – Employee contributions
Amendments to IAS 27	Equity method in separate financial statements
Amendments to IAS 16 and 38	Clarification of acceptable methods of depreciation and amortization
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Annual improvements – 2010-2012 cycle	Improvements to several standards
Annual improvements – 2012-2014 cycle	Improvements to several standards

The amendment to IAS 19 "Defined Benefit Plans: Employee Contributions", clarifies the accounting treatment of contributions to defined-benefit plans received from employees or third parties. It is applied retrospectively and concerns the Group but has no significant impact.

The Group has not opted for early application of the new standards listed below, which have been published in the European Union's Official Journal and will be mandatory from January 1, 2018.

NEW STANDARDS AND AMENDMENTS NOT APPLIED EARLY BY THE GROUP

IFRS 9	Financial Instruments
IFRS 15	Revenue from contracts with Customers

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. It could have impacts on recognition methods for income from contracts containing several performance obligations with transaction prices that include a variable component, and contracts containing a financing component. IFRS 15 also introduced a new approach to the accounting treatment of warranties, distinguishing insurance-type warranties from service-type warranties. The analysis currently in process has not identified any major changes in revenue recognition. IFRS 15 is applicable from January 1, 2018 and early application is allowed. The Group intends to apply this new standard retrospectively from January 1, 2018.

On November 29, 2016 the European Union published in the Official Journal IFRS 9, "Financial instruments". This standard introduces a new classification of financial assets based on the Group's managerial intention, a dynamic impairment model for financial assets based on expected losses to replace the current model which is based on incurred losses, and broader principles for hedge accounting. For financial liabilities, the changes concern liabilities carried at fair value through profit and loss, for which the variation in own credit risk will be recorded in equity. The accounting treatment of macro hedges are unchanged by the new standard. The Group is currently examining the implementation of this new standard and its impact in the financial statements.

The Group is currently reviewing all of its financial asset portfolios, to define an accounting classification in compliance with IFRS 9. In particular, the accounting classification of the Daimler shares acquired as part of the strategic partnership, which are currently included in available-for-sale financial assets, is under review and will be adjusted to meet the new requirements of IFRS 9. The Group has also begun developing a new methodology for provisions on receivables, based on prospective assessment of the credit risk at the inception of the receivable and its deterioration over time.

The principal impacts of application of IFRS 9 concern the Sales Financing segment. Initial analyses during the first half of 2016 essentially concerned the classification and measurement principles, a review of the financial instruments currently in use in the light of the principles laid down by IFRS 9, and establishment of the methodology for the new provisions model.

The financial asset portfolio review continued during the second half of 2016 to determine future classifications and measurement approaches under IFRS 9. Work to adjust and validate the methodological framework defining the rules for assessing the deterioration in credit risks and determination of expected losses on a one-year horizon and at maturity is also being finalised for the final customers and distribution network activity. The Group has decided to base its approach on existing concepts and devices (particularly the Basel rules) for exposures where the credit risk equity requirement is calculated under the IRBA (internal ratings-based approach) methodology, which is the case of the great majority of customer credits. The same approach will apply, in a more simplified form, to portfolios where the credit risk equity requirement is calculated under the standard methodology. Specific IFRS 9 provisions will be applied in addition to the Basel rules, notably the inclusion of prospective information.

Scoping studies for the adaptation of information systems and processes are also continuing, and work has begun on certain IT developments. The operational rollout of the project is due in the first half of 2017.

At this stage of the IFRS 9 implementation project, it is not possible to reasonably estimate the impacts of its application.

This standard is applicable from January 1, 2018 and early application is possible. The Group has not yet finalised the transition measures it will apply.

The Group also studies the new standard IFRS 16 "Leases", which should be adopted by the European Union during 2017.

NEW STANDARD NOT ADOPTED BY THE EUROPEAN UNION		EFFECTIVE DATE SET BY IASB
IFRS 16	Leases	January 1, 2019

On January 16, 2016 the IASB released 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. Under IFRS 16, a 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 expected 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.

Due to specificities in lease contracts allowing penalty-free withdrawal before the end of the contract, irrevocable lease commitments reported in note 28 A1 to the 2016 financial statements are 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 analysed.

However, IFRS 16 is very similar to the existing standard as regards the treatment of leases by the lessor.

This standard is applicable at January 1, 2019 and early application is allowed.

A2 –Changes of presentation

The Group has made two changes of presentation in 2016. They concern:

- classification of taxes that correspond to the definition of income taxes based on a taxable profit according to IAS 12 “Income taxes”, as current taxes in the income statement and the statement of financial position;
- presentation of interest and taxes paid and received on separate lines of the statement of cash flows.

These changes have been analysed as changes of method, leading to modifications of the prior period financial statements so that the figures for each period are comparable. The restated financial statements are presented in sections 4.2.1 to 4.2.5. As the tables of restatements to the 2015 financial statements in notes 2-A2 and 2-A3 show, the impact of these changes in presentation is not significant at Group level.

A21 CLASSIFICATION OF TAXES BASED ON A TAXABLE PROFIT ACCORDING TO IAS 12 “INCOME TAXES”

Taxes based on a taxable profit according to IAS 12 “Income taxes”, which were previously included in operating expenses, are now classified as current and deferred taxes. This reclassification concerns the French business contribution on value added (CVAE). It results in a more homogeneous treatment with similar types of tax in Europe (such as Italy’s Regional Tax on Production Activity (IRAP) and the *Gewerbesteuer* in Germany), and improves comparability with competitors in the Automotive sector.

Conversely, withholding taxes, which are not based on a taxable profit according to IAS 12 “Income taxes” and which were previously included in current taxes to offset the potential tax saving for the company benefiting from the underlying, are now classified as operating expenses. When the amounts withheld from this type of gross operating income are credited by the beneficiaries against their income tax payable, income of an equivalent amount is recognized in current taxes. These treatments harmonize the classification of taxes in the Group’s consolidated financial statements, according to whether or not they are based on a taxable profit according to IAS 12.

A22 PRESENTATION OF INTEREST AND TAXES PAID AND RECEIVED IN THE STATEMENT OF CASH FLOWS

Interest received, interest paid and net current taxes paid are now presented on separate lines of the statement of cash flows, clarifying their impact on cash flows from operating activities. Consequently, the cash flow is presented before interest and current taxes and the change in working capital before current taxes.

Taxes paid are presented without deduction of tax credits whose recovery is not conditional on reporting a taxable profit, consistent with the presentation used in the balance sheet and income statement (Note 2-I). The principal tax credits concerned are France’s “CIR” Research Tax Credit and “CICE” Tax Credit for Competitivity and Employment.

Interest on derivatives on financing operations of the Automotive segments are now classified as cash flows from operating activities, whereas it was previously classified as cash flows from financing activities. This change harmonizes the classification of interest on financial liabilities of the Automotive segments and the related hedging instruments for determination of the cash flows from operations.

A3 2015 consolidated financial statements, restated

The two changes of presentation in 2016 presented above are applied retrospectively. Details of the impacts of the corresponding restatements on the key items of the published consolidated financial statements for 2015 are presented in the tables below.

RESTATEMENTS OF THE 2015 CONSOLIDATED INCOME STATEMENT

(€ million)	2015 as published	Change in classification of taxes	2015 restated
Revenues	**45,327**	**-**	**45,327**
Cost of goods and services sold	(36,113)	19	(36,094)
Research and development expenses	(2,075)	31	(2,044)
Selling, general and administrative expenses	(4,819)	5	(4,814)
Operating margin	**2,320**	**55**	**2,375**
Automotive (excluding AVTOVAZ)	1,485	50	1,535
Sales Financing	824	5	829
Intersegment transactions	11	-	11
Other operating income and expenses	(199)	-	(199)
Operating income (loss)	**2,121**	**55**	**2,176**
Automotive (excluding AVTOVAZ)	1,288	50	1,338
Sales Financing	822	5	827
Intersegment transactions	11	-	11
Financial income (expenses)	**(221)**	**-**	**(221)**
Share in net income (loss) of associates and joint ventures	**1,371**	**-**	**1,371**
Nissan	1,976	-	1,976
Other associates and joint ventures	(605)	-	(605)
Pre-tax income	**3,271**	**55**	**3,326**
Automotive (excluding AVTOVAZ)	2,583	50	2,633
Sales Financing	826	5	831
Intersegment transactions	(138)	-	(138)
Current and deferred taxes	**(311)**	**(55)**	**(366)**
Automotive (excluding AVTOVAZ)	(35)	(50)	(85)
Sales Financing	(272)	(5)	(277)
Intersegment transactions	(4)	-	(4)
Net income	**2,960**	**-**	**2,960**
Net income – non-controlling interests'share	137	-	137
Net income – parent-company shareholders'share	2,823	-	2,823
Basic earnings per share (in €)	10.35	-	10.35
Diluted earnings per share (in €)	10.29	-	10.29

RESTATEMENTS OF THE 2015 CONSOLIDATED COMPREHENSIVE INCOME

	2015 as published			Change in classification of taxes			2015 restated		
(€ million)	Gross	Tax effect	Net	Gross	Tax effect	Net	Gross	Tax effect	Net
NET INCOME	**3,271**	**(311)**	**2,960**	**55**	**(55)**	**-**	**3,326**	**(366)**	**2,960**
Other components of comprehensive income from parent-company and subsidiaries (A)	(141)	35	(106)	-	-	-	(141)	35	(106)
Share of associates and joint ventures in other components of comprehensive income (B)	1,361	-	1,361	-	-	-	1,361	-	1,361
OTHER COMPONENTS OF COMPREHENSIVE INCOME (A) + (B)	**1,220**	**35**	**1,255**	**-**	**-**	**-**	**1,220**	**35**	**1,255**
COMPREHENSIVE INCOME	**4,491**	**(276)**	**4,215**	**55**	**(55)**	**-**	**4,546**	**(331)**	**4,215**

RESTATEMENTS OF THE 2015 CONSOLIDATED CASH FLOWS

(€ million)	2015 as published	Change in classification of taxes	Presentation of taxes (paid)/received	Presentation of interest (paid)/received	2015 restated
NET INCOME	**2,960**	**-**	**-**	**-**	**2,960**
Cancellation of dividends received from unconsolidated listed investments	(34)	-	-	-	(34)
Cancellation of income and expenses with no impact on cash					
- Depreciation, amortization and impairment	2,728	-	-	-	2,728
- Share in net (income) loss of associates and joint ventures	(1,371)	-	-	-	(1,371)
- Other income and expenses with no impact on cash	(375)	55	485	285	450
Cash flows [before interest and tax]	**3,908**	**55**	**485**	**285**	**4,733**
Automotive (excluding AVTOVAZ)	*3,451*	*50*	*192*	*275*	*3,968*
Sales Financing	*595*	*5*	*293*	*-*	*893*
Intersegment transactions	*(138)*	*-*	*-*	*10*	*(128)*
Dividends received from listed companies	**581**	**-**	**-**	**-**	**581**
Decrease (increase) in sales financing receivables	**(3,369)**	**-**	**-**	**-**	**(3,369)**
Net change in financial assets and debts of the Sales Financing segment	**4,962**	**-**	**-**	**-**	**4,962**
Change in capitalized leased assets	**(522)**	**-**	**-**	**-**	**(522)**
Decrease (increase) in working capital [before tax]	**457**	**-**	**(48)**	**8**	**417**
Automotive (excluding AVTOVAZ)	*663*	*-*	*(23)*	*8*	*648*
Sales Financing	*(233)*	*-*	*(25)*	*-*	*(258)*
Intersegment transactions	*27*	*-*	*-*	*-*	*27*
Interest received	-	-	-	141	141
Interest paid	-	-	-	(416)	(416)
Current taxes (paid)/ received	-	(55)	(437)	-	(492)
TOTAL INTEREST AND TAXES (PAID)/ RECEIVED	**-**	**(55)**	**(437)**	**(275)**	**(767)**
Automotive (excluding AVTOVAZ)	*-*	*(50)*	*(169)*	*(265)*	*(484)*
Sales Financing	*-*	*(5)*	*(268)*	*-*	*(273)*
Intersegment transactions	*-*	*-*	*-*	*(10)*	*(10)*
CASH FLOWS FROM OPERATING ACTIVITIES	**6,017**	**-**	**-**	**18**	**6,035**
Automotive (excluding AVTOVAZ)	*4,343*	*-*	*-*	*18*	*4,361*
Sales Financing	*1,776*	*-*	*-*	*-*	*1,776*
Intersegment transactions	*(102)*	*-*	*-*	*-*	*(102)*
CASH FLOWS FROM INVESTING ACTIVITIES	**(3,049)**	**-**	**-**	**-**	**(3,049)**
CASH FLOWS WITH SHAREHOLDERS	**(722)**	**-**	**-**	**-**	**(722)**
Bond issuance by the Automotive segments	533	-	-	-	533
Bond redemption by the Automotive segments	(1,403)	-	-	-	(1,403)
Net increase (decrease) in other financial liabilities of the Automotive segments	558	-	-	(18)	540
Net change in financial liabilities of the Automotive segments	(312)	-	-	(18)	(330)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,034)**	**-**	**-**	**(18)**	**(1,052)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,934**	**-**	**-**	**-**	**1,934**

RESTATEMENTS OF THE 2015 OPERATIONAL FREE CASH FLOW OF THE AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT

(€ million)	2015 as published	Change in classification of taxes	Presentation of taxes (paid)/received	Presentation of interest (paid)/received	2015 restated
Cash flows	3,451	50	192	275	3,968
Change in working capital requirement	663	-	(23)	8	648
Interest received by the Automotive (excluding AVTOVAZ) segment	-	-	-	174	174
Interest paid by the Automotive (excluding AVTOVAZ) segment	-	-	-	(439)	(439)
Current taxes (paid)/ received	-	(50)	(169)	-	(219)
Tangible and intangible investments net of disposals	(2,729)	-	-	-	(2,729)
Leased vehicles and batteries	(352)	-	-	-	(352)
Operational free cash flow – of the Automotive (excluding AVTOVAZ) segment	**1,033**	**-**	**-**	**18**	**1,051**

RESTATEMENTS OF THE 2015 TAX CHARGE BREAKDOWN (NOTE 8-B)

(€ million)	Year 2015 as published	Change in classification of taxes	Year 2015 restated
Income before taxes and share in net income of associates and joint ventures	**1,900**	**55**	**1,955**
Statutory income tax rate in France, including the additional contribution	38.00%	-	38.00%
Theoretical tax income (charge)	**(722)**	**(21)**	**(743)**
Effect of differences between local rates and the French rate	233	-	233
Tax credits	30	26	56
Distribution taxes	(55)	-	(55)
Change in unrecognized deferred tax assets	217	-	217
Other impacts	(14)	30	16
Current and deferred tax income (charge), excluding taxes based on a taxable profit	**(311)**	**35**	**(276)**
Tax based on a taxable profit (CVAE, IRAP, etc)	-	(90)	(90)
Current and deferred tax income (charge)	**(311)**	**(55)**	**(366)**

A4 -Accounting policies applied by the AVTOVAZ Group

The AVTOVAZ Group's financial statements, which are included in the Renault consolidation 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 Renault Group as described in note 2, apart from a few exceptions which are specifically stated 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 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.

The main items in the consolidated financial statements that are sensitive to estimates and judgments at December 31, 2016 are the following:

- 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 taxes (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 either directly or indirectly (subsidiaries). 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 and unrealized internal profits are eliminated.

Non-consolidated companies are recorded as other non-current assets even when they fulfil the above criteria.

None of these companies' individual contributions to consolidated figures exceeds the following:

- revenues: €20 million;
- inventories: €20 million.

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 impairment losses, 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 revenues 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 unusual or significant and could affect comparability of the margin. Other operating income and expenses cover:

- restructuring costs relating to discontinued activities and workforce adjustment costs;
- gains or losses on partial or total disposal of businesses or operating entities, 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 assets 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 charges that are unusual in their frequency, nature or amount, relating to significant litigation or impairment of operating receivables.

Share in net income 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 recoveries of impairment relating to these entities (note 2-M). The impairment booked are 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 "Consolidated financial statements", 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 the relevant entities 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 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” 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 recognises 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 as 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 2016.

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 following impacts are therefore recorded in net income:

- translation adjustments related to financial operations by the Automotive segments are included in the 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 margin recognition

SALES AND MARGIN RECOGNITION

Sales of automotive goods are recognized when the goods are made available to the distribution 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

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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 property, plant and equipment under 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 sales 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, a provision (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, an additional provision 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 programmes is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programmes 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 end-users. 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 practically 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 end-users. 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. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in sales 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 assimilates.

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 credit risk is recognized to cover the risk of non-recovery of receivables. Impairment is determined on an individual basis (using a statistical or case-by-case approach as appropriate) for sales financing receivables, and on a collective basis for dealer financing. Any receivable that shows objective evidence of a risk of partial or total non-recovery is classified as a doubtful receivable (if overdue by more than three months) or a compromised doubtful receivable (if the debtor's financial position has significantly deteriorated), and impairment is recorded accordingly.

Impairment for country risk is determined based on the credit risk to which debtors in a given country are exposed in the event of long-term continuous decline in the economic environment. Impairment is always recognized in respect of non-Euro-zone countries rated lower than BBB+ by Standard & Poor's. Impairment for country risk is based on a forecast default risk (probability of default) and a rate of loss caused by default. The calculation may also be adjusted based on expert assessment.

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 under significant influence by the Group.

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.

The presentation of taxes based on a taxable profit, as defined in IAS 12, Income taxes, in the income statement and statement of cash flow is described in notes 2-A2 and A3.

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 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 entities concerned as reported in the assets in the 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 investments concerning 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 asset, which is a “qualifying asset”. 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 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.

Investment subsidies received are 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 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).

Depreciation

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings(1)	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 tangible assets(2)	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 Renault Group 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 tangible assets.

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 and component-specific assets;

  Vehicle-specific and component-specific assets 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 or component.
- 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.

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. Value in use is the present value of future cash flows as determined in the most recent 5-year forecasts for each cash-generating unit group, consisting of legal entities or groups of legal entities in a given 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.

For **AVTOVAZ**, impairment tests are also carried out at two levels (on specific assets and cash-generating units). 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 realisable 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 realisable 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 and performance share plans awarded to Group managers and executives. 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 payments agreements

The Group awards stock option plans (purchase and subscription options), performance share attribution plans and other share-based payments, all for 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 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 which cannot be valued separately. Consequently, the Group 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 financial instruments used to hedge the investment in Nissan (forward sales and fixed/fixed cross-currency swaps) is treated as an ineffective portion and consequently 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, 2015	**114**	**-**	**37**	**151**
Newly consolidated companies (acquisitions, formations, etc)	3	71	1	75
Deconsolidated companies (disposals, mergers, liquidations, etc)	2	-	2	4
Number of companies consolidated at December 31, 2016	**115**	**71**	**36**	**222**

A - Renault's motor racing activities

Renault Sport Racing Limited and Renault Sport Racing s.a.s. joined the scope of consolidation during 2016 and are fully consolidated.

These two entities are in charge of all Renault's motor racing activities, with Renault Sport Formula One Team, Renault e. dams, Formula Renault 2.0, Renault Sport R.S. 01 Trophy, and other customer racing and rallying programmes. The Group's involvement in Formula 1 is intended to raise Renault's profile, particularly on markets where the brand is taking its first steps. Involvement in racing is also intended to promote technology transfers from the racetrack to the road.

The Renault Group purchased 90% of the capital of Renault Sport Racing Limited, formerly named LOTUS F1 Team Limited, for 1 pound sterling in December 2015. This company manages the Group's Formula 1 stable, Renault Sport Formula One Team.

The initial difference between the purchase price (1 pound sterling) and the share of net assets under IFRS at January 1, 2016 is £28 million (€32 million), recorded as follows at December 31, 2016:

- €9 million in intangible assets;
- €2 million as a receivable in respect of Representations and Warranties;
- -€9 million in provisions;
- -€2 million in deferred tax liabilities;
- €32 million as goodwill.

Renault Sport Racing s.a.s., the entity that develops Formula 1 engines, also includes other racing activities in addition to Formula 1 starting in 2016. It is fully-owned by the Group and was controlled in 2015 but not consolidated due to its non-significant nature. Renault's return to Formula 1 and its acquisition of Renault Sport Racing Limited justify its inclusion in the scope of consolidation from January 1, 2016.

Total 2016 revenues and net income for the group formed by these two entities amount to €189 million and €(9) million respectively (including €114 million and €(5) million for Renault Sport Racing Limited).

B - AVTOVAZ

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 PJSC 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 December 2016, which took place after the capital increase by AVTOVAZ 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 are judged non-significant, full consolidation is applied from December 31, 2016.

The cash capital increase for Alliance Rostec Auto B.V. subscribed by Renault s.a.s., which took place on December 28, 2016, amounted to 14.85 billion roubles.

This 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 Renault now owns 73.30% of the capital (57.30% of voting rights) of Alliance Rostec Auto B.V. which holds 64.60% of the capital of AVTOVAZ, such that the indirect investment in AVTOVAZ is 47.35%. Including the financial instrument held by Alliance Rostec Auto B.V., 88.69% of the capital of AVTOVAZ is held by Alliance Rostec Auto B.V., and therefore in substance the indirect percentage ownership of AVTOVAZ is 65.01%.

The fair value, at the acquisition date, of the total consideration transferred breaks down as follows:

- €113 million (7,106 million roubles) for the investment previously held via Alliance Rostec Auto B.V., valued at the price set for the AVTOVAZ December capital increase for ordinary shares, and the AVTOVAZ stock market price at the date of acquisition of control, as defined by IFRS 10, for preference shares, i.e. 9 roubles per ordinary share and 3.92 roubles per preference share. Based on this valuation, a gain of €113 million on the sale of the shares previously held was recognised in other operating income;
- €217 million in cash;
- €132 million corresponding to 73.3% of the €180 million acquisition value of a financial instrument held by Alliance Rostec Auto B.V., analysed in substance as economic interests in AVTOVAZ.

The costs associated with the acquisition of control amount to €3 million at December 31, 2016, and were recorded in other operating expenses.

The non-controlling interest amounts to €(334) million at December 31, 2016, valued at the corresponding share of identifiable net liabilities recognised by the entities acquired. The Group did not opt to state these non-controlling interests at fair value.

As the control over AVTOVAZ was acquired at the very end of 2016, it has not been possible to determine the fair values of the assets and liabilities transferred. They are 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 presented below. Contingent liabilities have not been taken into consideration at this stage. Details of the net liabilities transferred are as follows:

		Amounts at December 31, 2016	
	Notes	€ million	in millions of roubles
AVTOVAZ Group net liabilities			
Property, plant and equipment and intangible assets		674	42,475
Investments in associates and joint ventures		41	2,606
Financial assets and other non-current assets		246	15,525
Deferred tax assets		21	1,339
Inventories		327	20,600
Trade receivables		271	17,049
Current financial assets and other current assets		130	8,181
Cash and cash equivalents		280	17,610
Long-term provisions		(10)	(628)
Non-current financial liabilities	(1)	(850)	(53,515)
Deferred tax liabilities		(56)	(3,544)
Other non-current liabilities		(28)	(1,788)
Short-term provisions		(79)	(4,989)
Current financial liabilities		(762)	(47,986)
Trade payables		(744)	(46,882)
Current tax liabilities and other current liabilities		(318)	(20,021)
Non-controlling interests		(11)	(662)
Net liabilities acquired from the AVTOVAZ Group		**(868)**	**(54,630)**
Net assets of Alliance Rostec Auto B.V.			
Cash and cash equivalents		3	176
Other operating assets and liabilities		-	(15)
Net assets acquired from Alliance Rostec Auto B.V.		**3**	**161**

(1) The amounts stated include the fair value adjustment of the liabilities to Renault described below.

PROVISIONAL DETERMINATION OF GOODWILL:

	Amounts at December 31, 2016	
	€ million	in millions of roubles
Fair value of the consideration transferred (A)	462	30,300
Net liabilities of AVTOVAZ Group transferred -100% (B)	(868)	(54,630)
Net assets acquired from Alliance Rostec Auto B.V. (C)	3	161
Share acquired (D) = (B) x 65.01% + (C) x 73.3%	(563)	(35,397)
Goodwill (A) - (D)	**1,025**	**65,697**

At December 31, 2015 as stated in note 13-A, 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 trade 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 indeterminate period, and intended to use them in the AVTOVAZ Group's capital restructuring to be organised 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. The Renault Group's share of the 2016 losses of AVTOVAZ has been charged 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 has been reduced to nil.

At the date of full consolidation, in application of IFRS 3, these loans and receivables are reclassified as financial assets and stated at fair value. They will be capitalised at the same amount in a later phase. This revaluation has led the Group to recognise a gain of €487 million in other operating income.

No revenues or net income of the entities acquired have been recognised in 2016 as they are non-significant between the date of acquisition of control and first full consolidation at December 31, 2016. The amount of 2016 revenues and net income from these entities that 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.

4.2.6.3 Income statement and comprehensive income

The acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent-company took place on December 28, 2016. Since the impact of these entities on net income between December 28, 2016 and December 31, 2016 is judged non-significant, full consolidation is applied from December 31, 2016. Income statement items for 2016 do not therefore include the activity of this group, except in the "share in net income (loss) of associates and joint ventures" (note 13) as in 2015.

NOTE 4
REVENUES

(€ million)	2016	2015
Sales of goods - Automotive segments	**46,993**	**41,180**
Rental income on leased assets(1)	401	390
Sales of other services	1,601	1,538
Sales of services - Automotive segments	**2,002**	**1,928**
Sales of goods - Sales Financing segment	**28**	**31**
Rental income on leased assets(1)	97	64
Interest income on sales financing receivables	1,371	1,416
Sales of other services(2)	752	708
Sales of services - Sales Financing segment	**2,220**	**2,188**
TOTAL REVENUES	**51,243**	**45,327**

(1) Rental income recorded by the Group on vehicle sales with a buy-back commitment or fixed asset rentals.
(2) Mainly income on services comprising insurance, maintenance, and replacement vehicles under a financing contract or otherwise.

B – 2015 revenues applying 2016 scope and methods

(€ million)	Automobile (excluding AVTOVAZ)	Sales financing	Total
2015 revenues	**43,108**	**2,219**	**45,327**
Changes in scope of consolidation	156	-	156
2015 revenues applying 2016 scope and methods	**43,264**	**2,219**	**45,483**
2016 revenues	**48,995**	**2,248**	**51,243**

NOTE 5
OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

A - Personnel expenses

Personnel expenses amount to €5,747 million in 2016 (€5,408 million in 2015).

The average workforce during the year for consolidated entities is presented in section section 2.4- Human Capital of the 2016 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 Competitivity and Employment amount to €50 million in 2016 and €51 million in 2015. 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 €65 million for 2016 (€42 million in 2015).

The plan valuation method is presented in note 18-H.

B - Rental expenses

Rents amount to €224 million in 2016 (€225 million in 2015).

C - Foreign exchange gains/losses

In 2016, the operating margin includes a net foreign exchange gain of €62 million, partly related to movements in the Argentinian peso, Russian rouble and Turkish lira (compared to a net foreign exchange loss of €96 million in 2015, partly related to movements in the Argentinian peso and Russian rouble).

NOTE 6
OTHER OPERATING INCOME AND EXPENSES

(€ million)	2016	2015
Restructuring and workforce adjustment costs	(283)	(157)
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)	(13)
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)	19	23
Impairment of fixed assets and goodwill (excluding goodwill of associates and joint ventures)	(38)	(53)
Reversal of impairment related to operations in Iran	2	14
Other unusual items	(1)	(13)
TOTAL	**1**	**(199)**

A - Restructuring and workforce adjustment costs

Restructuring and workforce adjustment costs in 2016 include €98 million (€79 million in 2015) related to a French career-end work exemption plan introduced in 2013. Employees could sign up to this plan until December 31, 2016. Under IA 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.

In 2016 these costs also include €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 there is a clause that restricts the system to employees having done 15 years of shift work in and outside the Renault Group, the charge recognised in 2016 covers 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.

Other restructuring and workforce adjustment costs in 2016 and 2015 mainly concern the Americas, Eurasia and Europe Regions.

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), is treated as a sale of the shares in Alliance Rostec Auto B.V. and AVTOVAZ held at the date control was acquired, at their fair value (€113 million, corresponding to the price set for the AVTOVAZ December 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 analysed 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 recognised in other operating income and expenses is thus a net gain of €325 million, including €3 million of share purchase expenses.

C - Impairment of fixed assets and goodwill (excluding goodwill of associates and joint ventures)

At December 31, 2016, impairment of €37 million was booked (€53 million in 2015). This impairment relates entirely to intangible assets. In 2015, the impairment concerned both intangible assets (€21 million) and tangible assets (€32 million). This impairment mainly results from impairment tests of vehicle components (note 10 and note 11).

D – Impairment related to operations in Iran

The Group's exposure to risks on business with Iran, consisting of securities, a shareholder loan and sales receivables, was fully written off in 2013. The situation changed little over 2016. The gross exposure in the assets at December 31, 2016 was €803 million, including €696 million of receivables (€809 million including €701 million of receivables at December 31, 2015).

The decrease in impairment in 2016 and 2015 essentially reflects payments received during those years.

The level of operations with Iran showed a recovery at December 31, 2016 compared to 2015, with sales of CKD amounting to €513 million at December 31, 2016 and €218 million at December 31, 2015. 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. This is reflected in the amount recovered from impairment: €2 million at December 31, 2016, compared to €14 million for 2015.

In September 2016 Renault and Iran IDRO, an investment and industry renewal fund in Iran, signed a further agreement for future formation of a joint venture in which Renault will be the majority shareholder. This entity was not yet in existence at December 31, 2016.

As the market is gradually reopening, in view of the forthcoming agreement between Renault and the Iranian government and future discussions with local partners, the possibility of reconsolidating Renault Pars is being examined.

NOTE 7

FINANCIAL INCOME (EXPENSES)

(€ million)	2016	2015
Cost of gross financial indebtedness	(385)	(387)
Income on cash and financial assets	101	162
COST OF NET FINANCIAL INDEBTEDNESS	**(284)**	**(225)**
Change in fair value of redeemable shares	(3)	(80)
Foreign exchange gains and losses on financial operations	38	129
Net interest expenses on the net defined-benefit liability (asset) corresponding to pensions and other long-term employee benefit obligations	(32)	(35)
Other	(42)	(10)
OTHER FINANCIAL INCOME AND EXPENSES	**(39)**	**4**
FINANCIAL INCOME (EXPENSES)	**(323)**	**(221)**

The net cash position (net financial indebtedness) of the Automotive segments is presented in the information by operating segment (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.

The Renault Group also applies other optional tax consolidation systems in Germany, Italy, Spain, Romania and the UK.

A - Current and deferred tax charge

(€ million)	2016	2015 restated(1)
Current tax charge	(728)	(527)
Deferred tax income (charge)	(327)	161
CURRENT AND DEFERRED TAXES	**(1,055)**	**(366)**

(1) The change in presentation concerning income taxes, and the resulting reclassifications in the 2015 financial statements, are presented in notes 2-A2 and 2-A3.

The current tax charge for entities included in the French tax consolidation group amounts to €182 million in 2016 (€116 million in 2015).

€546 million of the current tax charge comes from foreign entities in 2016 (€411 million in 2015).

B - Breakdown of the tax charge

(€ million)	2016	2015 restated(1)
Income before taxes and share in net income of associates and joint ventures	**2,960**	**1,955**
Statutory income tax rate in France, including the additional contribution(2)	34.43%	38.0%
Theoretical tax income (charge)	**(1,019)**	**(743)**
Effect of differences between local rates and the French rate(3)	161	233
Tax credits	73	56
Distribution taxes	(78)	(55)
Change in unrecognized deferred tax assets(4)	(310)	217
Other impacts(5)	225	16
Current and deferred tax income (charge) excluding taxes based on a taxable profit	**(948)**	**(276)**
Taxes based on a taxable profit(6)	(107)	(90)
Current and deferred tax income (charge)	**(1,055)**	**(366)**

(1) The change in presentation concerning income taxes, and the resulting reclassifications in the 2015 financial statements, are presented in notes 2-A2 and 2-A3.

(2) In France, the Group was liable for an exceptional 10.7% contribution applicable until the end of the 2015 financial year. The theoretical tax rate including this exceptional contribution stood at 38.0%. In 2016, the theoretical tax rate is 34.43%.

(3) The main countries contributing to the tax rate differential are Korea, Romania, Switzerland and Turkey in 2016 and 2015, and Morocco in 2015.

(4) In 2016, the main countries contributing to the expense relating to unrecognized deferred tax assets are Brazil, France and India. In 2015, the main countries contributing to income from recognition of deferred tax assets were Argentina and France, while unrecognized deferred tax assets in Brazil and India generated an expense.

(5) Other impacts include the effect of permanent differences, principally concerning impacts recorded in other income and expenses following the full consolidation of AVTOVAZ (note 6-B), a higher amount of income subject to reduced tax rates in 2016 than 2015, the cost of tax reassessments, and prior year adjustments. In 2016 they also include the €(18) million effect of recalculation of deferred taxes of the French tax consolidation group applying the tax rate of 28.92% from 2020, following adoption of France's finance law for 2017.

(6) The Group's taxes based on taxable profits as defined by IAS 12 "Income taxes" are primarily the CVAE in France and the IRAP in Italy (note 2-A2).

Until June 30, 2014, the Group did not recognize any deferred tax assets of the French tax consolidation group that represented tax loss carryforwards as there was no prospect of reporting taxable income in the foreseeable future.

Since December 31, 2014, in view of its profitability prospects the Group has recognized some of these deferred tax assets that represent tax loss carryforwards. In 2016, the amount recognized, calculated at the 34.43% tax rate applicable at December 31, 2016, totalled €44 million, comprising €(301) million recognized in income (€188 million in 2015) and €345 million included in other components of comprehensive income (€51 million in 2015), due to the origins of the taxes concerned (2.2.2). The impact of the cut in the French income tax rate from 34.43% to 28.92% starting in 2020, introduced by France's finance law for 2017, is included in "Other impacts" in the breakdown of the tax charge.

The effective tax rate across all foreign entities is 30% at December 31, 2016 (27% at December 31, 2015).

C - Breakdown of net deferred taxes

C1 Change in deferred tax assets and liabilities

(€ million)	2016	2015
Deferred tax assets	881	716
Deferred tax liabilities	(122)	(141)
Net deferred tax assets (liabilities) at January 1	**759**	**575**
Deferred tax income (charge) for the period	(327)	161
Deferred tax income (charge) included in other comprehensive income	401	30
Translation adjustments	(2)	(7)
Change in scope of consolidation and other	(33)	-
Net deferred tax assets (liabilities) at December 31	**798**	**759**
Deferred tax assets	*922*	*881*
Deferred tax liabilities	*(124)*	*(122)*

C2 Breakdown of net deferred tax assets by nature

(€ million)	December 31, 2016	December 31, 2015
Deferred taxes on:		
Investments in associates and joint ventures excluding AVTOVAZ[1]	(179)	(195)
Fixed assets excluding AVTOVAZ	(1,597)	(1,615)
Provisions and other expenses or valuation allowances deductible upon utilization excluding AVTOVAZ	1,018	1,003
Loss carryforwards excluding AVTOVAZ[2]	4,403	4,402
Other items excluding AVTOVAZ	571	372
NET DEFERRED TAX ASSETS (LIABILITIES) EXCLUDING AVTOVAZ	**4,216**	**3,967**
Investments in associates and joint ventures of AVTOVAZ[1]	-	-
Fixed assets of AVTOVAZ	52	-
Provisions and other expenses or valuation allowances deductible upon utilization of AVTOVAZ	9	-
Loss carryforwards of AVTOVAZ	342	-
Non-interest bearing financial liabilities in roubles of AVTOVAZ	(136)	-
Other items of AVTOVAZ	41	-
NET DEFERRED TAX ASSETS (LIABILITIES) OF AVTOVAZ	**308**	**-**
Unrecognized deferred tax assets related to tax losses (note 8-C3)	(3,503)	(3,096)
Other unrecognized deferred tax assets	(223)	(112)
NET DEFERRED TAX ASSETS (LIABILITIES) REPORTED	**798**	**759**

(1) Including tax on future dividend distributions

(2) Including €3,745 million for the French tax consolidation entities and €658 million for other entities at December 31, 2016 (respectively €3,837 million and €565 million December 31, 2015).

The residual unrecognized deferred tax assets of entities included in the French tax consolidation group, calculated at the 34.43% tax rate applicable at December 31, 2016, amounted to €2,585 million at December 31, 2016 (€2,607 million at December 31, 2015). 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. €331 million of these unrecognized assets were generated by items booked through shareholders'equity (effects of the partial hedge of the investment in Nissan), and €2,254 million were generated by items affecting the income statement (respectively €684 million and €1,923 million at December 31, 2015).

Excluding the French tax consolidation group, unrecognized deferred tax assets totalled €1,141 million at December 31, 2016, consisting of all the tax losses of AVTOVAZ and €799 million of other entities'tax losses (€601 million in 2015), essentially tax loss carryforwards generated by the Group in Brazil, and to a lesser extent in India.

C3 Breakdown of tax losses by expiry date

Unrecognized loss carryforwards represent a potential tax saving of €3,503 million at December 31, 2016.

	2016		
(€ million)	Recognized	Unrecognized	Total
Tax losses that can be carried forward indefinitely[1]	1,237	3,090	4,327
Tax losses expiring in more than 5 years	4	54	58
Tax losses expiring in between 1 and 5 years	1	17	18
Tax losses expiring within 1 year	-	-	-
TOTAL TAX LOSSES EXCLUDING AVTOVAZ	**1,242**	**3,161**	**4,403**
Tax losses of AVTOVAZ that can be carried forward indefinitely[2]	-	342	342
TOTAL TAX LOSSES OF AVTOVAZ	**-**	**342**	**342**
TOTAL TAX LOSSES OF THE GROUP	**1,242**	**3,503**	**4,745**

(1) Including recognized and unrecognized net deferred tax assets of entities included in the French tax consolidation group calculated at the 34.43% tax rate applicable at December 31, 2016, which amount to €1,160 million and €2,585 million respectively at December 31, 2016 (note 8-C2).

(2) 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)	2016	2015
Shares in circulation	295,722	295,722
Treasury shares	(4,368)	(3,633)
Shares held by Nissan x Renault's share in Nissan	(19,386)	(19,381)
Number of shares used to calculate basic earnings per share	**271,968**	**272,708**

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 of the portion of Renault shares held by Nissan.

(In thousands of shares)	2016	2015
Number of shares used to calculate basic earnings per share	271,968	272,708
Dilutive effect of stock options, performance share rights and other share-based payments	2,363	1,606
Number of shares used to calculate diluted earnings per share	**274,331**	**274,314**

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 dilutive effect and fulfil 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 during 2016 in intangible assets were as follows:

(€ million)	December 31, 2015	Acquisitions/ (amortization and impairment)	(Disposals)/ reversals	Translation adjustment	Change in scope of translation and other[1]	December 31, 2016
Capitalized development expenses	8,588	903	(954)	(1)	82	8,618
Goodwill	210	-	-	(27)	1,063	1,246
Other intangible assets	729	155	(84)	6	38	844
Intangible assets, gross	**9,527**	**1,058**	**(1,038)**	**(22)**	**1,183**	**10,708**
Capitalized development expenses	(5,422)	(788)	954	(1)	-	(5,257)
Other intangible assets	(535)	(89)	78	(6)	-	(552)
Amortization and impairment	**(5,957)**	**(877)**	**1,032**	**(7)**	**-**	**(5,809)**
Capitalized development expenses	3,166	115	-	(2)	82	3,361
Goodwill	210	-	-	(27)	1,063	1,246
Other intangible assets	194	66	(6)	-	38	292
INTANGIBLE ASSETS, NET	**3,570**	**181**	**(6)**	**(29)**	**1,183**	**4,899**

(1) The impact of full consolidation of the AVTOVAZ Group and of Renault Sport Racing in 2016 is reflected in the "Change of scope" column (note 3).

Most of the goodwill is located in Europe and Russia.

♦ *GRI [G4-LA2]*

Acquisitions of intangible assets in 2016 comprise €903 million of self-produced assets and €155 million of purchased assets (respectively €876 million and €84 million in 2015).

In 2016, amortization and impairment of intangible assets include €37 million of impairment relating to components (note 6-C), compared to €21 million of impairment in 2015.

Changes during 2015 in intangible assets were as follows:

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2014	**10,002**	**(6,559)**	**3,443**
Acquisitions (note 26-C)/(amortization)	956	(812)	144
(Disposals)/reversals	(1,427)	1,415	(12)
Translation adjustment	(6)	1	(5)
Change in scope of consolidation and other	2	(2)	-
Value at December 31, 2015	**9,527**	**(5,957)**	**3,570**

A2 Research and development expenses included in income

(€ million)	2016	2015 restated[1]
Research and development expenses	(2,530)	(2,212)
Capitalized development expenses	903	874
Amortization of capitalized development expenses	(743)	(706)
TOTAL INCLUDED IN INCOME	**(2,370)**	**(2,044)**

(1) The change in presentation concerning income taxes, and the resulting reclassifications in the 2015 financial statements, are presented in notes 2-A2 and 2-A3.

Research and development expenses are reported net of research tax credits for the vehicle development activity.

B - Property, plant and equipment

Changes during 2016 in property, plant and equipment were as follows:

(€ million)	December 31, 2015	Acquisitions/ (depreciation and impairment)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other[(1)]	December 31, 2016
Land	563	8	(4)	(3)	37	601
Buildings	6,077	157	(45)	85	265	6,539
Specific tools	14,939	1,210	(319)	173	167	16,170
Machinery and other tools	10,626	656	(260)	162	220	11,404
Fixed assets leased to customers	2,304	1,063	(556)	(33)	-	2,778
Other tangibles	789	69	(38)	7	19	846
Construction in progress[(2)]	1,254	110	(7)	26	12	1,395
Gross values	**36,552**	**3,273**	**(1,229)**	**417**	**720**	**39,733**
Land	-	-	-	-	-	-
Buildings	(3,679)	(236)	39	(27)	(10)	(3,913)
Specific tools	(12,345)	(918)	322	(111)	(21)	(13,073)
Machinery and other tools	(8,089)	(536)	249	(95)	22	(8,449)
Fixed assets leased to customers	(607)	(255)	200	5	-	(657)
Other tangibles	(661)	(18)	34	(6)	(2)	(653)
Construction in progress	-	-	-	-	-	-
Depreciation and impairment[(3)]	**(25,381)**	**(1,963)**	**844**	**(234)**	**(11)**	**(26,745)**
Land	563	8	(4)	(3)	37	601
Buildings	2,398	(79)	(6)	58	255	2,626
Specific tools	2,594	292	3	62	146	3,097
Machinery and other tools	2,537	120	(11)	67	242	2,955
Fixed assets leased to customers	1,697	808	(356)	(28)	-	2,121
Other tangibles	128	51	(4)	1	17	193
Construction in progress[(2)]	1,254	110	(7)	26	12	1,395
Net values	**11,171**	**1,310**	**(385)**	**183**	**709**	**12,988**

(1) The impact of full consolidation of the AVTOVAZ Group, the two Renault Sport Racing entities and the Australian subsidiary Vehicle Distributors Australia (VDA) in 2016 is reflected in the "Change of scope" column (note 3).

(2) Items classified as "construction in progress" are transferred to completed asset categories via the "acquisitions/(depreciation and impairment" column.

(3) Depreciation and impairment in 2016 include impairment of €37 million, mainly on components (note 6-C), compared to €32 million of impairment in 2015 (related to vehicles and components).

Changes during 2015 in property, plant and equipment were as follows:

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2014	**35,495**	**(24,694)**	**10,801**
Acquisitions/(depreciation and impairment)	2,876	(1,916)	960
(Disposals)/reversals	(1,353)	933	(420)
Translation adjustments	(480)	261	(219)
Change in scope of consolidation and other	14	35	49
Value at December 31, 2015	**36,552**	**(25,381)**	**11,171**

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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 and component-specific assets

Following impairment tests of assets dedicated to specific vehicles or components, impairment of €35 million was booked during 2016 (€51 million at December 31, 2015), primarily against capitalized development expenses.

Apart from the components for which impairment has been recorded, other vehicles and components tested in previous half-years no longer display any evidence of impairment.

B - Impairment tests on other cash-generating units of the Automotive (excluding AVTOVAZ) segment

In 2016, 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 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.

	2016	2015
Business plan duration	3 years	3 years
Forecast sales volumes over the projected horizon (units)	3,830,000	3,703,000
Growth rate to infinity	1.9%	1.8%
After-tax discount rate	8.7%	8.3%

In 2016 as in 2015, 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 are the best estimates currently available, since data from the new medium-term plan to be released during the second half-year of 2017 is in the process of 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

The market capitalization of AVTOVAZ was €739 million at December 31, 2016, slightly higher than the book value of AVTOVAZ net assets (including goodwill).

The value in use of AVTOVAZ was not determined, since the fair value is higher than the value of the assets tested.

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'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 President of Nissan; at December 31, 2016, Renault occupied two of the nine seats on Nissan's Board of Directors (unchanged since December 31, 2015);
- Renault-Nissan b.v., owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. 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 share repurchases and sales of Nissan shares by Renault on the market

Nissan began a share repurchase operation on the open market that ran between February 29 and December 22, 2016, in order to cancel the shares. This operation concerned up to 300 million shares (6.7% of the total capital excluding treasury shares) for a maximum amount of ¥400 billion. Renault and Nissan agreed that Renault would also sell Nissan shares on the market, to keep its investment in Nissan at 43.4%.

Renault SA sold close to 130 million Nissan shares in 2016 in connection with this operation, for an amount of €1,119 million. The corresponding cash generated an increase in cash flows from investing activities in the statement of consolidated cash flows (4.2.5.) and a decrease in the value of the investment in Nissan as reported in the assets in the Group's consolidated statement of financial position (note 12-D).

As Nissan's share repurchases and Renault's share sales on the market were concomitant, for the purposes of the consolidation this operation is treated as a dividend payment by Nissan, with no impact on the Group's net income or consolidated shareholders'equity.

C - Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts 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 consolidated 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, 2016. Consequently, Renault's percentage interest in Nissan is 43.7% and Renault holds 43.4% of voting rights in Nissan (unchanged since December 31, 2015).

D - Changes in the investment in Nissan as shown in Renault's statement of financial position

	Share in net assets				
(€ million)	Before neutralization	Neutralization proportional to Nissan's investment in Renault(1)	Net	Goodwill	Total
At December 31, 2015	**18,838**	**(974)**	**17,864**	**707**	**18,571**
2016 net income	1,741	-	1,741	-	1,741
Dividend distributed	(728)	-	(728)	-	(728)
Translation adjustment	(31)	-	(31)	43	12
Nissan share repurchases and sales of Nissan shares by Renault(2)	(1,119)	-	(1,119)	-	(1,119)
Other changes(3)	(173)	-	(173)	-	(173)
At December 31, 2016	**18,528**	**(974)**	**17,554**	**750**	**18,304**

(1) Nissan has held 44,358,000 Renault shares since 2002, corresponding to an investment of around 15%.

(2) Nissan's share repurchase operation and Renault's sale of Nissan shares are presented in note 12-B.

(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.

E - Changes in Nissan equity restated for the purposes of the Renault consolidation

(¥ billion)	December 31, 2015	2016 net income	Dividends	Translation adjustment	Nissan share repurchases and sales of Nissan shares by Renault(1)	Other changes(2)	December 31, 2016
Shareholders'equity – Parent-company shareholders'share under Japanese GAAP	**4,935**	**485**	**(183)**	**(355)**	**(306)**	**(97)**	**4,479**
Restatements for compliance with IFRS:							
Provision for pension and other long-term employee benefit obligations	(28)	(21)		(2)		77	26
Capitalization of development expenses	628	42		(2)			668
Deferred taxes and other restatements	(103)	1		(19)		(25)	(146)
Net assets restated for compliance with IFRS	**5,432**	**507**	**(183)**	**(378)**	**(306)**	**(45)**	**5,027**
Restatements for Renault Group requirements(3)	219	(32)	(13)	36		(6)	204
Net assets restated for Renault Group requirements	**5,651**	**475**	**(196)**	**(342)**	**(306)**	**(51)**	**5,231**
(€ million)							
Net assets restated for Renault Group requirements	**43,117**	**3,984**	**(1,666)**	**(71)**	**(2,582)**	**(394)**	**42,388**
Renault's percentage interest	43.7%						43.7%
Renault's share (before neutralization effect described below)	18,838	1,741	(728)	(31)	(1,119)	(173)	18,528
Neutralization of Nissan's investment in Renault (4)	(974)						(974)
RENAULT'S SHARE IN THE NET ASSETS OF NISSAN	**17,864**	**1,741**	**(728)**	**(31)**	**(1,119)**	**(173)**	**17,554**

(1) Nissan's share repurchase operation and Renault's sale of Nissan shares are presented in note 12-B.

(2) 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.

(3) Restatements for Renault Group 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.

(4) Nissan has held 44,358 thousand Renault shares in Renault since 2002, an ownership interest of about 15%.

F - Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2016 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2015 financial year and the first three quarters of its 2016 financial year.

	January to March 2016		April to June 2016		July to September 2016		October to December 2016		January to December 2016	
	Fourth quarter of Nissan's 2016 financial year		First quarter of Nissan's 2016 financial year		Second quarter of Nissan's 2016 financial year		Third quarter of Nissan's 2016 financial year		Reference period for Renault's 2016 consolidated financial statements	
	(¥ billion)	(€ million)(1)	(¥ billion)	(€ million)(1)	(¥ billion)	(€ million)(1)	(¥ billion)	(€ million)(1)	(¥ billion)	(€ million)(1)
Net income – Parent-company shareholders'share	71	559	136	1,118	146	1,277	132	1,118	485	4,072

(1) Converted at the average exchange rate for each quarter.

G - Nissan financial information under IFRS

The table below presents Nissan financial information, restated under IFRS for the purposes of the Renault consolidation, for the years 2016 and 2015. 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.

	2016		2015	
	(¥ billion)	(€ million)[1]	(¥ billion)	(€ million)[2]
Revenues	11,383	94,611	12,066	89,808
Net income				
Parent-company shareholders'share	507	4,214	603	4,488
Non-controlling interests'share	31	259	28	212
Other components of comprehensive income				
Parent-company shareholders'share	(444)	(3,694)	(188)	(1,396)
Non-controlling interests'share	(18)	(151)	(7)	(54)
Comprehensive income				
Parent-company shareholders'share	63	520	415	3,092
Non-controlling interests'share	13	108	21	158
Dividends received from Nissan	86	728	73	547

	December 31, 2016		December 31, 2015	
	(¥ billion)	(€ million)[1]	(¥ billion)	(€ million)[2]
Non-current assets	7,596	61,556	7,494	57,175
Current assets	11,493	93,136	10,928	83,375
TOTAL ASSETS	**19,089**	**154,692**	**18,422**	**140,550**
Shareholders'equity				
Parent-company shareholders'share	5,028	40,746	5,432	41,455
Non-controlling interests'share	425	3,444	407	3,094
Non-current liabilities	6,553	53,104	5,303	40,462
Current liabilities	7,083	57,398	7,280	55,539
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES	**19,089**	**154,692**	**18,422**	**141,550**

(1) 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.
(2) Converted at the average exchange rate for 2015, i.e. 134.4 JPY = 1 EUR for income statement items, and at the December 31, 2015 rate i.e. 131.1 JPY = 1 EUR for financial position items.

H - 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, 2016, the corresponding hedging operations totalled ¥156 billion (€1,264 million), comprising ¥17 billion (€138 million) of private placements on the EMTN market and ¥139 billion (€1,126 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2016, these operations generated unfavourable foreign exchange differences of €70 million (unfavourable difference of €103 million in 2015). The net favourable effect of €134 million after deferred taxes is recorded in the Group's translation adjustment reserve (note 18-E).

I - Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2016 of ¥1,175.5 per share, Renault's investment in Nissan is valued at €17,450 million (€19,153 million at December 31, 2015 based on the price of ¥1,279.5 per share).

J - Impairment test of the investment in Nissan

At December 31, 2016, the stock market value of the investment was 4.7% lower than the value of Nissan in Renault's statement of financial position, whereas it was higher at December 31, 2015.

In application of the approach presented in the note on accounting policies (note 2-M), an impairment test was carried out at December 31, 2016. An after-tax discount rate of 7.5% and a growth rate to infinity of 2.7% 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, 2016.

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.

K - Operations between the Renault Group and the Nissan group

K1 Automotive (excluding AVTOVAZ) and Sales Financing

Renault and Nissan follow joint strategies for vehicle and component development, purchasing, production and distribution resources. On April 1, 2014 the two companies also launched a project to converge 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 sales to Nissan.

The Automotive (excluding AVTOVAZ) segment is involved in operations with Nissan on two levels:

- industrial production: cross-over production of vehicles and components in the Alliance's manufacturing plants;
  - sales by the Renault Group to the Nissan group in 2016 totalled approximately €4,105 million (€3,650 million in 2015), comprising around €2,465 million for vehicles (€2,100 million in 2015), €1,580 million for components (€1,500 million in 2015), and €60 million for services (€50 million in 2015). The increase is mainly driven by sales of vehicles made by Renault Samsung Motors for Nissan North America,
  - purchases by the Renault Group from the Nissan group in 2016 totalled approximately €2,115 million (€1,300 million in 2015), comprising around €1,170 million of vehicles (€750 million in 2015), €795 million of components (€450 million in 2015), and €150 million of services (€100 million in 2015),
  - the balance of Renault Group receivables on the Nissan group is €430 million at December 31, 2016 (€344 million at December 31, 2015) and the balance of Renault Group liabilities to the Nissan group is €647 million at December 31, 2016 (€512 million at December 31, 2015);
- finance: In addition to its activity for Renault, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange, interest rate and commodity risks. Renault Finance undertook approximately €19.7 billion of forex transactions on the foreign exchange market for Nissan in 2016 (€19.7 billion in 2015). 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 €70 million at December 31, 2016 (€225 million at December 31, 2015) and derivative liabilities amount to €74 million at December 31, 2016 (€76 million at December 31, 2015).

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 2016, RCI Banque recorded €134 million of service revenues in the form of commission and interest received from Nissan (€147 million at December 31, 2015). The balance of sales financing receivables on the Nissan group is €78 million at December 31, 2016 (€69 million at December 31, 2015) and the balance of liabilities is €210 million at December 31, 2016 (€193 million at December 31, 2015)

The Alliance partners hold investments in associates and joint ventures that manage their cooperation. Details of these entities'activity and location, and the Renault Group's influence over them, are given in note 13.

K2 –AVTOVAZ

In the AVTOVAZ financial position at December 31, 2016, the balances of transactions between AVTOVAZ and the Nissan group consist mainly of:

- a non-current receivable for jointly controlled assets amounting to €50 million;
- operating receivables and payables amounting respectively to €68 million and €118 million.

NOTE 13

INVESTMENTS IN OTHER ASSOCIATES AND JOINT VENTURES

Details of investments in other associates and joint ventures are as follows in the Group's financial statements:

- consolidated income statement

(€ million)	2016	2015
Share in net income (loss) of other associates and joint ventures	**(103)**	**(605)**
AVTOVAZ	(89)	(620)
Other associates accounted for under the equity method	17	9
Joint ventures accounted for under the equity method	(31)	6

■ consolidated statement of financial position - assets

(€ million)	December 31, 2016	December 31, 2015
Investments in other associates and joint ventures	**722**	**785**
AVTOVAZ	-	91
Other associates accounted for under the equity method	398	373
Joint ventures accounted for under the equity method	324	321

A - Investment in AVTOVAZ

The Russian automaker AVTOVAZ's financial year-end is December 31. For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AVTOVAZ were previously consolidated with a 3-month time-lag. This time-lag ended at December 31, 2015.

A1 Changes in the investment in AVTOVAZ as shown in Renault's statement of financial position

In accordance with the partnership agreement signed in December 2012, a joint venture named Alliance Rostec Auto B.V. was created to group all the interests in AVTOVAZ owned by Renault, Nissan and Russian Technologies. Alliance Rostec Auto B.V. held 74.51% of the capital and voting rights at the Shareholders'Meetings of AVTOVAZ from March 2013.

From June 2014, Renault held 50%, less one share, of the capital and the voting rights at Shareholders'Meetings and Board of Directors'Meetings of Alliance Rostec Auto B.V.

Renault's percentage interest in AVTOVAZ, held via Alliance Rostec Auto B.V., was therefore 37.25% at December 31, 2015.

The Renault Group did not control Alliance Rostec Auto B.V. or AVTOVAZ at December 31, 2015, because it did not hold the majority of voting rights in the governing bodies of Alliance Rostec Auto B.V. or the Board of Directors of AVTOVAZ, and strategic and operating decisions had to be approved by a majority of shareholders.

AVTOVAZ undertook a 26.14 billion rouble cash capital increase in 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. Renault then subscribed to the capital increase by Alliance Rostec Auto B. V on December 28, 2016, and as a result Renault acquired control over AVTOVAZ and Alliance Rostec Auto B.V. in December 2016. Consequently Alliance Rostec Auto B.V. and AVTOVTAZ, which were previously accounted for by the equity method, are fully consolidated from December 31, 2016.

In 2015 and 2016, the Russian economy faced a certain number of obstacles. Following the conflict in Ukraine, the economy was affected by international sanctions, declining oil and gas prices in 2015, a significant drop in exchange rates in the final quarters of 2014 and 2015, and rising interest rates. This situation had a negative impact on the automotive market, reflected in a marked downturn in demand and shrinkage of the Russian market by more than 35% in 2015 (42% in the final quarter of 2015 alone) and 11% in 2016, despite the government support measures introduced in the fourth quarter of 2014, which continued and were reinforced in early 2016.

The table below reports consolidated figures for Alliance Rostec Auto B.V. and the AVTOVAZ Group.

(€ million)	Share in net assets	Goodwill	Impairment	Total
At December 31, 2015(1)	**242**	**40**	**(191)**	**91**
Net loss 2016(2)	(89)	-	-	(89)
Translation adjustment(3)	5	11	(54)	(38)
Loans that are part of the long-term net investment(4)	36	-	-	36
Acquisition of control as defined by IFRS 10(5)	(194)	(51)	245	-
At December 31, 2016(6)	**-**	**-**	**-**	**-**

(1) The closing figures in roubles at December 31, 2015 were converted using the year-end exchange rate, i.e. 80.6736 roubles for 1 euro. The accumulated translation adjustments amount to €(235) million.

(2) The share in net income of AVTOVAZ has been calculated by applying a 37.25% interest to the net loss of 2016. This share is recognized to the extent of the book value of shares and the loans and receivables that are considered as an extension of the investment. If this limit did not apply, the share of the net loss recognized would have been €134 million greater, and Renault had no commitment to bear losses in excess of its net investment.

(3) The translation adjustment reported above corresponds to the impact of the change in the rouble-euro exchange rate until the date control was acquired. The accumulated translation adjustments at that date were transferred to profit and loss, as required by IAS 21 "The Effects of Changes in Foreign Exchange Rates". They represent a loss that has been recognized in other operating expenses as a loss of €272 million on sale of the investments in AVTOVAZ and Alliance Rostec Auto B.V. (note 6).

(4) An additional loan of €39 million for which repayment was neither planned nor likely, and which was intended to be contributed for the AVTOVAZ capital restructuring operations intended for 2017, has been analysed as an extension of the investment in AVTOVAZ and reclassified as investments in 2016. There was also a €(3) million change in the loans and receivables reclassified in 2015.

(5) The acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V. and AVTOVAZ is treated as a sale of the shares owned at the date control was acquired at their fair value (€113 million, corresponding to the price set for the AVTOVAZ December capital increase for ordinary shares and the AVTOVAZ stock market price at that date for preference shares) in line with the requirements of IFRS 3 "Business combinations". The gain on sale is recorded in other operating income (note 6).

(6) AVTOVAZ and Alliance Rostec Auto B.V. are fully consolidated from December 31, 2016.

A2 Changes in AVTOVAZ and Alliance Rostec Auto B.V. shareholders'equity restated for the purposes of the Renault consolidation

(€ million)	January 1, 2016[1]	Net loss for 2016	Translation adjustment and other changes	Acquisition of control as defined by IFRS 10 in December 2016	December 31, 2016
Shareholders'equity of AVTOVAZ – parent-company shareholders'share	(486)	(597)	(242)	1,325	-
Restatements for Renault Group requirements[2]	21	(2)	6	(25)	-
Net assets of AVTOVAZ restated for Renault Group requirements	**(465)**	**(599)**	**(236)**	**1,300**	**-**
Share in AVTOVAZ held by Alliance Auto Rostec B.V. (74.51%)	(347)	(446)	(176)	969	-
Restated net assets of Alliance Auto Rostec B.V.	**(347)**	**(446)**	**(176)**	**969**	**-**
Share in Alliance Rostec Auto B.V. held by Renault					
Renault's percentage interest	50% -1 share			23.3%	73.3%
Renault's share[3]	(173)	(89)	(71)	333	-
Goodwill on acquisitions of shares in AVTOVAZ and Alliance Rostec Auto B.V.	40	-	11	(51)	-
Impairment loss on AVTOVAZ shares	(191)	-	(54)	245	-
Reclassification of loans and receivables as investments accounted for under the equity method[4]	415	-	112	(527)	-
RENAULT'S SHARE IN THE NET ASSETS OF AVTOVAZ AND GOODWILL	**91**	**(89)**	**(2)**	**-**	**-**

(1) The closing figures in roubles at December 31, 2015 were converted using the year-end exchange rate, i.e. 80.6736 roubles for 1 Euro.

(2) Restatements for Renault Group requirements mainly correspond to valuation of intangible assets (the Lada brand).

(3) The share in the 2016 losses of AVTOVAZ is recognized to the extent of the book value of shares and the loans and receivables that are considered as an extension of the investment. If this limit did not apply, the share of losses recognized would have been €134 million greater, but Renault had no commitment to bear losses in excess of its net investment.

(4) The loans by Renault in 2012 and 2013, with book value of €100 million at December 31, 2015, were not covered by any specific guarantee. Renault also had trade receivables amounting to €315 million at December 31, 2015 (€38 million of receivables in Euros, and €277 million in roubles, or 22,370 million roubles). In view of AVTOVAZ's financial position, Renault decided to leave the corresponding funds at the disposal of AVTOVAZ for an indeterminate period, and intended to use them in the AVTOVAZ Group's capital restructuring to be organized in the future. Settlement of these financial assets was therefore neither planned nor likely to occur, and as a result they were considered in substance 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. An additional loan made in 2016, due to be transferred in the AVTOVAZ capital restructuring operations planned for 2017, was also reclassified in the second half-year of 2016 at the value of €39 million. Following acquisition of control, as defined by IFRS 10, over Alliance Rostec Auto B.V. on December 28, 2016, these loans and receivables were reclassified as financial assets and eliminated as intragroup assets in compliance with IFRS 10 "Consolidated financial statements".

A3 –AVTOVAZ financial information under IFRS

AVTOVAZ's published financial information under IFRS for 2016 and 2015 (year ended December 31), is summarized below:

	2016		2015	
	(in millions of roubles)	(€ million)(1)	(in millions of roubles)	(€ million)(2)
Revenues	184,931	2,492	176,482	2,595
Operating margin	**(16,233)**	**(219)**	**(24,828)**	**(365)**
Other operating income and expenses	(24,377)	(328)	(41,990)	(618)
Operating income (loss)	**(40,610)**	**(547)**	**(66,818)**	**(983)**
Net income	**(44,779)**	**(603)**	**(73,851)**	**(1,086)**
Parent-company shareholders'share	(45,008)	(606)	(73,940)	(1,087)
Non-controlling interests'share	229	3	89	1
Other components of comprehensive income	**(214)**	**(3)**	**203**	**3**
Parent-company shareholders'share	(172)	(3)	203	3
Non-controlling interests'share	(42)	-	-	-
Comprehensive income	**(44,993)**	**(606)**	**(73,648)**	**(1,083)**
Parent-company shareholders'share	(45,180)	(609)	(73,754)	(1,085)
Non-controlling interests'share	187	3	106	2
Dividends received from AVTOVAZ	-	-	-	-
	2016		**2015**	
	(in millions of roubles)	(€ million)(1)	(in millions of roubles)	(€ million)(2)
Cash flows from operating activities	(11,259)	(152)	(1,846)	(27)
Cash flows from investing activities	(13,553)	(183)	(26,084)	(384)
Including: acquisitions/disposals of property, plant and equipment, and intangibles	*(13,708)*	*(185)*	*(25,426)*	*(374)*
Cash flows from financing activities and translation adjustment	37,435	504	24,119	355
Including: cash flows from the December 2016 capital increase	*26,141*	*352*	-	-
Increase (decrease) in cash and cash equivalents	**12,623**	**170**	**(3,811)**	**(56)**

(1) Converted at the average exchange rate for January to December 2016, i.e. 74.2236 roubles for 1 Euro 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 the Renault Group financial statements is converted by applying the average exchange rate for each quarter to the financial statements for the corresponding quarter.

(2) Converted at the average exchange rate for 2015 i. e 68.005 roubles for 1 Euro for income statement and cash flow items.

A4 Operations between the Renault Group (excluding AVTOVAZ) and the AVTOVAZ Group

The Renault Group continued to provide technical assistance to AVTOVAZ for several vehicle, engine and gearbox projects implemented by the Renault-Nissan Alliance and AVTOVAZ, and for assembly of the B0 platform shared by AVTOVAZ, Renault and Nissan. Consulting services are also provided by Renault in areas such as purchasing, quality and IT. In 2016, the Renault Group invoiced €13 million to AVTOVAZ for this technical assistance (€45 million in 2015).

Following the start of vehicle production on the B0 platform, Renault supplied AVTOVAZ with parts required for assembly for a total amount of €431 million in 2016 (€426 million in 2015).

Production of Renault vehicles began on this platform in March 2014. AVTOVAZ delivered vehicles worth a total of €339 million to Renault in 2016 (€356 million in 2015).

Renault's investment in the B0 platform is recorded in property, plant and equipment at the amount of €177 million at December 31, 2016 (11,352 million roubles), including €75 million for development of a new engine (€150 million or 10,086 million roubles at December 31, 2015).

The amount of Renault's trade receivables on AVTOVAZ at December 31, 2015 was €315 million. As stated in notes 13-A1 and 13-A2 to the 2015 consolidated financial statements, these receivables were considered part of the net investment in AVTOVAZ, and this amount was therefore reclassified as investments accounted for under the equity method at December 31, 2015. These receivables have now been eliminated as part of the restatement of intragroup assets and liabilities. At December 31, 2016, their gross value was €382 million and the intention is still to use them in the AVTOVAZ recapitalization operations, which will continue in 2017. Trade receivables originating after December 31, 2015 will not be used in these recapitalization operations. At December 31, 2016 they amounted to €22 million.

The total amount of loans by the Group to AVTOVAZ was €100 million at December 31, 2015. These loans were considered part of the net investment in AVTOVAZ, and had therefore been reclassified as investments accounted for under the equity method at December 31, 2015. An additional loan made in 2016, which was intended to be used for the AVTOVAZ capital restructuring operations planned for 2017, was also reclassified in the second half-year of 2016 in the amount of €39 million. These loans have now been eliminated as part of the restatement of intragroup assets and liabilities. At December 31, 2016, their gross value was €137 million and the intention is still to use them in the AVTOVAZ recapitalization operations, which will continue in 2017.

During December 2016 AVTOVAZ repaid 12,300 million roubles of the other loans made after December 31, 2015, originally amounting to 12,417 million roubles. The amount outstanding at December 31, 2016 is 117 million roubles (€2 million). The amounts paid and received in connection with the 2016 loans are reflected in the cash flows from investing operations shown in the consolidated statement of cash flows.

The Group also made a loan of 11,500 million roubles in December 2016 to Alliance Rostec Auto B.V. The value of this loan at December 31, 2016 is €179 million.

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, 2016	December 31, 2015
Entities under significant influence				
Automotive (excluding AVTOVAZ)				
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
AVTOVAZ				
Ferro VAZ GmbH (1)	Germany	Export and import of machinery, equipment and spare parts	50	-
Sales financing				
RN Bank	Russia	Automotive sales financing	30	30
BARN B.V.	Netherlands	Holding company	30	30
Nissan Renault Financial Services India Private Limited	India	Automotive sales financing	30	30
Joint ventures				
Automotive (excluding AVTOVAZ)				
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
AVTOVAZ				
ZAO GM-AVTOVAZ(1)	Russia	Vehicle manufacturing and automotive sales	50	-
Sales financing				
Renault Credit Car	Belgium	Automotive sales financing	50	50
RN SF B.V.	Netherlands	Holding company	50	50
Orfin Finansman Anonim Sirketi	Turkey	Automotive sales financing	50	50

(1) First consolidated in 2016, when the AVTOVAZ Group became fully consolidated.

B2 Cumulative financial information on associates accounted for under the equity method

(€ million)	December 31, 2016	December 31, 2015
Investments in associates	398	373
Share in income (loss) of associates	17	9
Share of associates in other components of comprehensive income	-	3
Share of associates in comprehensive income	17	12

B3 Cumulative financial information on joint ventures accounted for under the equity method

(€ million)	December 31, 2016	December 31, 2015
Investments in joint ventures	324	321
Share in income (loss) of joint ventures	(31)	6
Share of joint ventures in other components of comprehensive income	(13)	17
Share of joint ventures in comprehensive income	(44)	23

NOTE 14

INVENTORIES

	December 31, 2016			December 31, 2015		
(€ million)	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,789	(304)	1,485	1,254	(227)	1,027
Work in progress	308	(4)	304	234	(1)	233
Used vehicles	1,456	(77)	1,379	1,090	(95)	995
Finished products and spare parts	2,804	(151)	2,653	2,026	(153)	1,873
TOTAL	**6,357**	**(536)**	**5,821**	**4,604**	**(476)**	**4,128**

NOTE 15

SALES FINANCING RECEIVABLES

A - Sales financing receivables by nature

(€ million)	December 31, 2016	December 31, 2015
Dealership receivables	9,550	7,627
Financing for end-customers	19,219	16,723
Leasing and similar operations	6,241	4,915
Gross value	**35,010**	**29,265**
Impairment	(652)	(660)
Net value	**34,358**	**28,605**

Details of fair value are given in note 24-A.

B - Assignments and assets pledged as guarantees for management of the liquidity reserve

B1 Assignments of sales financing assets

	December 31, 2016		December 31, 2015	
(€ million)	Balance sheet value	Fair value	Balance sheet value	Fair value
Assigned receivables carried in the balance sheet	9,768	9,730	8,835	8,793
Associated liabilities	3,064	3,091	2,776	2,793

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 though 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, Sales financing had 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 €5,453 million at December 31, 2016 (€4,655 million at December 31, 2015). These guarantees comprise €4,504 million in the form of shares in securitization vehicles, €168 million in euro bonds and €781 million in sales financing receivables (€4,028 million of shares in securitization vehicles and €627 million in sales financing receivables at December 31, 2015). The funding provided by the Banque de France against these guarantees amounts to €2,000 million at December 31, 2015 (€1,500 million at December 31, 2015). All the assets provided as guarantees to the Banque de France remain in the balance sheet.

C - Sales financing receivables by maturity

(€ million)	December 31, 2016	December 31, 2015
-1 year	18,456	15,710
1 to 5 years	15,565	12,678
+5 years	337	217
TOTAL SALES FINANCING RECEIVABLES, NET	**34,358**	**28,605**

D - Breakdown of overdue sales financing receivables (gross values)

(€ million)	December 31, 2016	December 31, 2015
Receivables for which impairment has been recognized(1): overdue by	**373**	**386**
0 to 90 days	*46*	*32*
90 to 180 days	*45*	*44*
More than 180 days	*282*	*310*
Receivables for which no impairment has been recognized: overdue by	**224**	**202**
0 to 90 days	*224*	*202*

(1) 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 financing commitments for customers reported under irrevocable 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 €593 million at December 31, 2016 (€523 million at December 31, 2015).

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)	
Impairment at December 31, 2015	**(660)**
Impairment recorded during the year	(299)
Reversals for use of impairment	170
Reversals of unused residual amounts	136
Translation adjustment and other	1
Impairment at December 31, 2016	**(652)**

Net credit losses amounted to €104 million in 2016 (€90 million in 2015).

NOTE 16

AUTOMOTIVE RECEIVABLES

(€ million)	December 31, 2016[1]	December 31, 2015
Gross value	2,747	2,009
Impairment[2]	(833)	(747)
AUTOMOTIVE RECEIVABLES, NET	**1,914**	**1,262**

(1) AVTOVAZ trade receivables have a value of €220 million at December 31, 2016.

(2) Including €(696) million related to Iran at December 31, 2016 and €(701) million at December 31, 2015 (note 6-D).

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 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 receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). The amount of assigned receivables of the Automotive (excluding AVTOVAZ) segment that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2016.

There is no significant concentration of risks within the Automotive customer base, and no single non-Group customer accounts for more than 10% of the Group's total Automotive sales revenues (excluding AVTOVAZ).

At December 31, 2016, the maturity status of receivables for which no impairment has been recognized is as follows:

(€ million)	December 31, 2016	December 31, 2015
Not yet due and not impaired	1,732	1,131
Overdue by up to 30 days	63	53
Overdue by 31 to 90 days	67	38
Overdue by more than 90 days	52	40
GROSS VALUE	**1,914**	**1,262**

Details of fair value are given in note 24-A.

NOTE 17

OTHER CURRENT AND NON-CURRENT ASSETS

	December 31, 2016			December 31, 2015		
(€ million)	Non- current	Current	Total	Non-current	Current	Total
Prepaid expenses	193	283	476	143	263	406
Tax receivables (excluding current taxes due)	517	1,737	2,254	400	1,284	1,684
Taxes due[1]	-	44	44	-	62	62
Other receivables	574	1,350	1,924	543	1,107	1,650
Investments in controlled unconsolidated entities	82	-	82	45	-	45
Derivatives on operating transactions of the Automotive segments	-	4	4	-	39	39
Derivatives on financing transactions of the Sales Financing segment	-	238	238	-	375	375
TOTAL	**1,366**	**3,656**	**5,022**	**1,131**	**3,130**	**4,261**
Gross value	*1,394*	*3,860*	*5,254*	*1,221*	*3,242*	*4,463*
Impairment	*(28)*	*(204)*	*(232)*	*(90)*	*(112)*	*(202)*

(1) Current taxes due are reported separately in the consolidated financial position (4.2.3).

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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 Competitivity 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 derecognition 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 2016 is €50 million, and comprises CICE receivables (€148 million in 2015, comprising €99 million of CIR receivables and €49 million of CICE receivables). This brought the total of tax receivables assigned that remain in the balance sheet to nil at December 31, 2016 (€32 million at December 31, 2015).

NOTE 18
SHAREHOLDERS'EQUITY

A - Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2016 is 295,722 thousand, with par value of €3.81 per share (unchanged compared to December 31, 2015).

Treasury shares do not bear dividends. They account for 1.57% of Renault's share capital at December 31, 2016 (1.21% at December 31, 2015).

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.

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, 2016 and December 31, 2015 (section 4.2.6.1-A4).

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders'equity including subordinated loans to total weighted risks) is 8%. RCI Banque's Core Tier 1 solvency ratio is 15.74% at December 31, 2016 (15.14% at December 31, 2015).

The Group also partially hedges its investment in Nissan (note 12-G).

C - Renault treasury shares

In accordance with decisions approved at General Shareholders'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, 2016	December 31, 2015
Total value of treasury shares (€ million)	321	227
Total number of treasury shares	4,649,545	3,573,737

D - Distributions

At the General and Extraordinary Shareholders'Meeting of April 30, 2016, it was decided to distribute a dividend of €2.40 per share representing a total amount of €701 million (€1.90 per share or a total of €555 million in 2015). This dividend was paid during May.

E - Translation adjustment

The change in translation adjustment over the year is analysed as follows:

(€ million)	2016	2015
Change in translation adjustment on the value of the investment in Nissan	12	1,383
Impact, net of tax, of partial hedging of the investment in Nissan (note 12-G)	134	(18)
Total change in translation adjustment related to Nissan	**146**	**1,365**
Effect of the acquisition of control, as defined by IFRS 10, over AVTOVAZ	349	-
Other changes in translation adjustment	(94)	(220)
TOTAL CHANGE IN TRANSLATION ADJUSTMENT	**401**	**1,145**

The effects of the acquisition of control, as defined by IFRS 10, over AVTOVAZ on the translation adjustment are presented in notes 3 and 13-A.

In 2015 and 2016, other changes in the translation adjustment mostly resulted from movements in the Russian rouble, the Brazilian real and the Argentinean peso.

4

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
At December 31, 2015[1]	**(37)**	**927[2]**	**890**
Changes in fair value recorded in shareholders'equity	49	(190)	(141)
Transfer from shareholders'equity to profit and loss[3]	(4)	1	(3)
At December 31, 2016[1]	**8**	**738[2]**	**746**

(1) For the schedule of amounts related to cash flow hedges transferred from shareholders'equity to profit and loss, 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 profit and loss, 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)	2016	2015
Operating margin	5	16
Other operating income and expenses	-	-
Net financial income (expense)	-	-
Share in net income of associates and joint ventures	-	-
Current and deferred taxes	(9)	(8)
TOTAL TRANSFERRED TO THE INCOME STATEMENT FOR CASH FLOW HEDGES	**(4)**	**8**

F3 Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	December 31, 2016	December 31, 2015
Within one year	3	(9)
After one year	(12)	7
Revaluation reserve for cash flow hedges excluding associates and joint ventures	**(9)**	**(2)**
Revaluation reserve for cash flow hedges – associates and joint ventures	17	(35)
TOTAL REVALUATION RESERVE FOR CASH FLOW HEDGES	**8**	**(37)**

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 prices and exercise periods specific to each plan. Until 2012, it also periodically granted stock options, each with their own vesting and required holding 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 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.

G1 –Changes in the number of stock options and share rights held by personnel

	Stock options			
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Share rights
Options outstanding and rights not yet vested at January 1, 2016	**716,792**	**37**	**-**	**2,831,250**
Granted	-	-	-	1,474,529
Options exercised or vested rights	(286,743)[(1)]	-	50[(2)]	(76,321)[(3)]
Options and rights expired and other adjustments	-	-	-	(64,161)
Options outstanding and rights not yet vested at December 31, 2016	**430,049**	**37**	**-**	**4,165,297**

(1) Stock options exercised in 2016 were granted under plans 18 and 19 in 2011 and under plan 20 in 2012.
(2) Price at which the shares were acquired by the Group to cover future options.
(3) Performance shares vested were mainly awarded under plan 20 bis in 2012.

G2 Stock options

For plans current in 2016, 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, 2016	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	175,574	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	51,930	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	202,545	December 13, 2016 – December 12, 2020
TOTAL				**430,049**	

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 in the case of plan 23 due to changes in regulations.

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, 2016	Vesting date	Holding period
Plan 20 bis	Performance shares	December 13, 2012	-	December 13, 2016[1]	None
Plan 21[2]	Performance shares	February 12, 2014	972,605 313,641	February 12, 2017 February 12, 2018	February 12, 2017 – February 12, 2019 None
Plan 22[2]	Performance shares	February 11, 2015	1,042,420 374,391	February 11, 2018 February 11, 2019	February 11, 2018 – February 11, 2020 None
Plan 23[2]	Performance shares	April 29, 2016	1,007,200 355,040	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
TOTAL			**4,165,297**		

(1) The performance shares concerned by these plans were issued to beneficiaries in 2016.
(2) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.

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 (thousands of €)	Unit fair value	Expense for 2016 (€ million)	Expense for 2015 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option	Dividend per share (€)
Plan 18	3,422	9.31	-	(1)	36.70	37.28%	2.28%	38.80	4-8 years	0.30 – 1.16
Plan 18 bis	28,711	31.04	-	-	36.70	N/A	2.28%	N/A	3-5 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 19 bis	15,966	26.18	-	-	34.18	N/A	1.68%	N/A	2-4 years	1.17 – 1.73
Plan 20	2,708	6.87	(1)	(1)	40.39	35%	0.71%	37.43	4-8 years	1.57-2.19
Plan 20 bis	21,767	36.38	(1)	(1)	43.15	N/A	0.87%	N/A	2-4 years	1.57-1.97
Plan 21[1]	38,702 13,653	53.69 54.97	(15) (4)	(16) (4)	65.76 65.61	N/A N/A	0.20% 0.19%	N/A N/A	3-5 years 4 years	1.72 -1.97 1.72-1.97
Plan 22[1]	51,509 19,138	66.51 65.19	(22) (6)	(15) (4)	78.75 76.58	N/A N/A	(0.10)% (0.03)%	N/A N/A	3-5 years 4 years	1.90 -2.22 1.90-2.22
Plan 23[1]	53,728 19,929	66.38 65.72	(12) (3)	- -	80.25 76.16	N/A N/A	(0.48)% (0.48)%	N/A N/A	3-4 years 4 years	2.40 -2.88 2.40-2.88
Plan 23 bis	5,348	65.34	(1)	-	76.99	N/A	(0.48)%	N/A	4 years	2.40 -2.88
TOTAL			**(65)**	**(42)**						

(1) 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 variable compensation. 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, 2016	December 31, 2015	2016	2015	December 31, 2016	December 31, 2015	2016	2015
Automotive (excluding AVTOVAZ)									
Renault Samsung Motors	Korea	20%	20%	49	41	198	179	(31)	(13)
Oyak Renault Otomobil Fabrikalari	Turkey	49%	49%	43	55	243	253	(53)	(32)
Other	N/A	N/A	N/A	8	6	32	37	(9)	(1)
TOTAL - AUTOMOTIVE (EXCLUDING AVTOVAZ)		**-**	**-**	**100**	**102**	**473**	**469**	**(93)**	**(46)**
Sales financing									
Banco RCI Brasil (formerly Companhia de Arendamento Marcantil RCI do Brasil)[1] [2]	Brazil	40%	40%	17	10	-	-	(6)	-
Companhia de Credito. Financiamento e Investimento RCI do Brasil[1] [2]	Brazil	-	40%	-	12	-	-	-	(16)
Rombo Compania Financiera[1]	Argentina	40%	40%	5	10	-	-	(6)	-
Other	N/A	N/A	N/A	2	3	13	13	(3)	(3)
TOTAL – SALES FINANCING		**-**	**-**	**24**	**35**	**13**	**13**	**(15)**	**(19)**
AVTOVAZ									
Alliance Rostec Auto B.V.[3]	Netherlands	27%	N/A	-	-	346	-	-	-
AVTOVAZ[3]	Russia	35%	N/A	-	-	(652)	-	-	-
LLC United Automobile Group[3]	Russia	35%	N/A	-	-	(35)	-	-	-
LLC VMZ[3]	Russia	35%	N/A	-	-	(16)	-	-	-
LLC Sockultbit-AVTOVAZ[3]	Russia	35%	N/A	-	-	(9)	-	-	-
Others[3]	N/A	N/A	N/A	-	-	32	-	-	-
TOTAL - AVTOVAZ		**-**	**-**	**-**	**-**	**(334)**	**-**	**-**	**-**
TOTAL		**-**	**-**	**124**	**137**	**152**	**482**	**(108)**	**(65)**

(1) 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 €178 million for the Brazilian subsidiary and €25 million for the Argentinian subsidiary at December 31, 2016 (€143 million and €29 million respectively at December 31, 2015). 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.

(2) Companhia de Credito, Financiamento e Investimento RCI do Brasil was abosorbed by Banco RCI Brasil in 2016.

(3) Entities that were fully consolidated for the first time in 2016. The percentage of voting rights relating to non-controlling interests in Alliance Rostec Auto B.V. is 43%. Regarding AVTOVAZ percentage reported is consistent with the legal analysis (Refer to note 3-B for more details).

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, 2016	December 31, 2015
Automotive (excluding AVTOVAZ)				
Renault Nissan Technology and Business Center India Private Limited (RNTBCI)[1]	India	Shared service center	67	67

(1) 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 €592 million in 2016 (€588 million in 2015).

■ 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, 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, Netherlands, and Switzerland);
- other long-term benefits, chiefly long-service awards, flexible holiday entitlements, and additional career-end leave in France.

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 1,839 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. The deficit is valued at £60 million at December 31, 2016 (£32 million at April 5, 2015).

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, 2016		December 31, 2015	
	Renault s.a.s.	Others	Renault s.a.s.	Others
Retirement age	60 to 65 years	60 to 65 years	60 to 65 years	60 to 65 years
Discount rate(1)	1.44%	1.00% to 2.00%	1.91%	1.15% to 2.24%
Salary increase rate	2.70%	1.00% to 2.70%	2.70%	1.00% to 3.00%
Duration of plan	13 years	7 to 20 years	13 years	9 to 20 years
Gross obligation	€1,093 million	€172 million	€1,044 million	€156 million

(1) 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 rate plus the average spread curve for issuers rated AA as published by Reuters.

Main actuarial assumptions and actual data for the Group's supplementary pensions in the UK	December 31, 2016		December 31, 2015	
	Automotive (excluding AVTOVAZ)	Sales financing	Automotive (excluding AVTOVAZ)	Sales financing
Financial discount rate[(1)]	2.70%	2.70%	3.90%	3.95%
Salary increase rate	2.00%	3.15%	2.00%	3.05%
Duration of plan	21 years	26 years	20 years	24 years
Actual return on fund assets	13.00%	16.30%	1.00%	0.40%
Gross obligation	€340 million	€34 million	€298 million	€27 million
Fair value of assets invested via pension funds	€271 million	€25 million	€280 million	€25 million

(1) The discount rate was determined on the basis of the Mercer Yield Curve.

C - Net expense for the year

(€ million)	2016	2015
Current service cost	96	105
Past service cost and (gain)/loss on settlement	(3)	(12)
Net interest on the net liability (asset)	31	34
Effects of workforce adjustment measures	(1)	(1)
Net expense (income) for the year recorded in the income statement	**123**	**126**

D - Detail of balance sheet provision

D1 Breakdown of the balance sheet provision

(€ million)	December 31, 2016		
	Present value of the obligation	Fair value of fund assets	Net defined-benefit liability (asset)
Retirement and termination indemnities			
France	1,265	(1)	1,264
Europe (excluding France)	18	(2)	16
Americas	2	-	2
Asia - Pacific	-	-	-
Africa - Middle East - India	2	-	2
Eurasia[(1)]	48	-	48
TOTAL RETIREMENT AND TERMINATION INDEMNITIES	**1,335**	**(3)**	**1,332**
Supplementary pensions			
France	118	(41)	77
United Kingdom	374	(296)	78
Europe (excluding France and the UK)[(2)]	282	(184)	98
Asia - Pacific	2	-	2
Americas	5	-	5
TOTAL SUPPLEMENTARY PENSIONS	**781**	**(521)**	**260**
Other long-term benefits			
France[(3)]	174	-	174
Europe (excluding France)	2	-	2
Americas	3	-	3
TOTAL OTHER LONG-TERM BENEFITS	**179**	**-**	**179**
TOTAL[(4)]	**2,295**	**(524)**	**1,771**

(1) Essentially Romania and Turkey.
(2) Essentially Germany, the Netherlands and Switzerland.
(3) Flexible holiday entitlements, additional career-end leave and long-service awards.
(4) Total net liability due within one year: €54 million; total net liability due after one year: €1,717 million.

D2 Schedule of amounts related to net defined benefit liability

	December 31, 2016				
(€ million)	-1 year	1 to 5 years	5 to 10 years	+10 years	Total
Present value of obligation	64	291	448	1,492	2,295
Fair value of plan assets	(10)	(43)	(60)	(411)	(524)
Net defined benefit liability (asset)	54	248	388	1,081	1,771

The weighted average duration of plans is 15 years at December 31, 2016 (14 years at December 31, 2015).

E - Changes in obligations, fund assets and the provision

(€ million)	Present value of the obligation (A)	Fair value of fund assets (B)	Net defined-benefit liability (asset)(A)+(B)
Balance at December 31, 2015	**2,110**	**(510)**	**1,600**
Current service cost	96	-	96
Past service cost and gain/loss on liquidation	(3)	-	(3)
Net interest on the net liability (asset)	45	(14)	31
Effects of workforce adjustment measures	(1)	-	(1)
Net expense (income) for 2016 recorded in the income statement (note 19-C)	**137**	**(14)**	**123**
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	1	-	1
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	227	-	227
Actuarial gains and losses on the obligation resulting from experience effects	(4)	-	(4)
Net return on fund assets (not included in net interest above)	-	(48)	(48)
Net expense (income) for 2016 recorded in other components of comprehensive income	**224**	**(48)**	**176**
Employer's contributions to funds	-	(10)	(10)
Employees'contributions to funds	-	(3)	(3)
Benefits paid under the plan	(132)	16	(116)
Benefits paid upon liquidation of a plan	-	-	-
Effect of changes in exchange rates	(49)	45	(4)
Effect of changes in scope of consolidation	5	-	5
Balance at December 31, 2016	**2,295**	**(524)**	**1,771**

Accumulated actuarial gains and losses, net of tax (excluding the associates' share) recorded in other components of comprehensive income amounted to an expense of €620 million at December 31, 2016 (an expense of €615 million at December 31, 2015).

A 100 base point decrease in discount rates used for each plan would result in a €316 million increase in the amount of obligations at December 31, 2016, and a 100 base point increase in discount rates used for each plan would result in a €254 million decrease in the amount of obligations at December 31, 2016. A 50 base point decrease in discount rates would have resulted in a €155 million increase in the amount of obligations at December 31, 2015.

F - Fair value of fund assets

Details of the assets invested via pension funds and insurance companies are as follows:

	December 31, 2016		
(€ million)	Assets listed on active markets	Unlisted assets	Total
Pension funds			
Cash and cash equivalents	1	-	1
Shares	78	-	78
Bonds	192	-	192
Shares in mutual funds and other	29	4	33
TOTAL - PENSION FUNDS	**300**	**4**	**304**
Insurance companies			
Cash and cash equivalents	15	-	15
Shares	6	-	6
Bonds	165	19	184
Real estate property	11	2	13
Shares in mutual funds and other	-	2	2
TOTAL – INSURANCE COMPANIES	**197**	**23**	**220**
TOTAL	**497**	**27**	**524**

Pension fund assets mainly relate to plans located in the United Kingdom (56.8%). Insurance contracts principally concern France (8.0%), Germany (4.9%), the Netherlands (22.6%) and Switzerland (6.6%). 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 8.45% in 2016 (1.57% in 2015).

At the date of this report, the best estimate of contributions that will be payable to the funds in 2016 is approximately €13 million.

The Group's pension fund assets do not include Renault Group's financial instruments. Real estate investments do not include real estate properties occupied by the Group.

NOTE 20
CHANGE IN PROVISIONS

(€ million)	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities[1]	Other provisions	Total
At December 31, 2015	**386**	**768**	**355**	**306**	**360**	**2,175**
Increases	219	570	118	85	83	1,075
Reversals of provisions for application	(173)	(429)	(37)	(22)	(25)	(686)
Reversals of unused balance of provisions	(11)	(1)	(71)	-	(56)	(139)
Changes in scope of consolidation[2]	8	48	23	-	38	117
Translation adjustments and other changes	2	10	15	-	(7)	20
At December 31, 2016[3]	**431**	**966**	**403**	**369**	**393**	**2,562**

(1) Mainly technical reserves established by the sales financing activity's insurance companies.
(2) The impact of full consolidation of the AVTOVAZ Group, the two Renault Sport Racing entities and the Australian subsidiary Vehicle Distributors Australia (VDA) in 2016 is reflected in changes in scope of consolidation.
(3) Short-term portion of provisions: €1,105 million; long-term portion provisions: €1,457 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. The Group was not involved in any significant new litigation in 2016. During 2016, 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 Europe (note 6-A).

At December 31, 2016, the "other provisions" item includes €61 million of provisions established in application of environmental regulations (€36 million at December 31, 2015). They include provisions to cover recycling obligations for end-of-life vehicles and used batteries, and environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site). They also include €7 million for depollution of a commercial land belonging to Renault Retail Group (€5 million at December 31, 2015), and a provision of €9 million in the AVTOVAZ Group's financial statements for a water pollution liability.

NOTE 21

OTHER CURRENT AND NON-CURRENT LIABILITIES

	December 31, 2016			December 31, 2015		
(€ million)	Non- current	Current	Total	Non- current	Current	Total
Tax liabilities (excluding current taxes due)	58	1,323	1,381	56	954	1,010
Current taxes due	-	321	321	-	219	219
Social liabilities	21	1,405	1,426	21	1,313	1,334
Other liabilities	247	5,695	5,942	219	4,693	4,912
Deferred income	1,192	1,018	2,210	989	879	1,868
Derivatives on operating transactions of the Automotive segments	-	10	10	-	6	6
TOTAL	**1,518**	**9,772**	**11,290**	**1,285**	**8,064**	**9,349**

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment (€631 million at December 31, 2016 and €418 million at December 31, 2015).

The Group is subject to a greenhouse gas emission quota system in the European Union and Korea. In 2016, 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 2016.

4

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

	December 31, 2016			December 31, 2015		
(€ million)	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	1,269	-	1,269	1,372	-	1,372
Marketable securities and negotiable debt instruments	-	952	952	-	614	614
Loans	41	417	458	31	658	689
Derivatives on financing operations by the Automotive segments	82	539	621	75	488	563
TOTAL FINANCIAL ASSETS	**1,392**	**1,908**	**3,300**	**1,478**	**1,760**	**3,238**
Gross value (excluding AVTOVAZ)	*1,380*	*1,910*	*3,290*	*1,479*	*1,762*	*3,241*
Impairment (excluding AVTOVAZ)	*(1)*	*(2)*	*(3)*	*(1)*	*(2)*	*(3)*
Gross value - AVTOVTAZ	*13*	-	*13*	-	-	-
Impairment - AVTOVTAZ	-	-	-	-	-	-
Cash equivalents	-	6,822	6,822	-	5,153	5,153
Cash on hand and bank deposits	-	7,031	7,031	-	8,980	8,980
TOTAL CASH AND CASH EQUIVALENTS	**-**	**13,853**	**13,853**	**-**	**14,133**	**14,133**
Cash equivalents (excluding AVTOVAZ)	-	*6,575*	*6,575*	-	*5,153*	*5,153*
Cash (excluding AVTOVAZ)	-	*7,002*	*7,002*	-	*8,980*	*8,980*
Cash equivalents - AVTOVTAZ	-	*247*	*247*	-	-	-
Cash - AVTOVTAZ	-	*29*	*29*	-	-	-

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, 2016, investments in non-controlled entities include €1,163 million (€1,276 million at December 31, 2015) 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, 2016, the stock market price (€70.72 per share) was higher than the acquisition price (€35.52 per share). The corresponding decline in fair value over the year, amounting to €113 million (compared to a €142 million increase in 2015), is recorded in other components of comprehensive income for 2016.

Investments in non-controlled entities also include €58 million at December 31, 2016 (€62 million at December 31, 2015) 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 automaker, Renault has made a commitment to pay a total of €200 million as funds are called. The outstanding amount for Renault at December 31, 2016 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's parent-company

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial or sales financing purposes.

Limited access to the US Dollar restricted the level of international payments by Group subsidiaries located in Argentina until mid-December 2015, when a partial lifting of exchange controls was promulgated. Controls were lifted further in 2016, and cash in Argentina is no longer considered as unavailable to the Group's parent-company.

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 €477 million at December 31, 2016 (€446 million at December 31, 2015).

NOTE 23
FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A - Current/non-current breakdown

	December 31, 2016			December 31, 2015		
(€ million)	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	434	-	434	431	-	431
Bonds	2,572	2,176	4,748	4,038	1,617	5,655
Other debts represented by a certificate	-	554	554	-	567	567
Borrowings from credit institutions (at amortized cost)	533	1,122	1,655	753	1,459	2,212
Other interest-bearing borrowings(1)	230	146	376	411	97	508
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	**3,769**	**3,998**	**7,767**	**5,633**	**3,740**	**9,373**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	82	544	626	62	403	465
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**3,851**	**4,542**	**8,393**	**5,695**	**4,143**	**9,838**
Borrowings from credit institutions (at amortized cost)	630	705	1,335	-	-	-
Other interest-bearing borrowings	5	1	6	-	-	-
Other non-interest-bearing borrowings	141	-	141	-	-	-
Financial liabilities of AVTOVAZ (excluding derivatives)(2)	**776**	**706**	**1,482**	**-**	**-**	**-**
Total Automotive financial liabilities including AVTOVAZ	**4,627**	**5,248**	**9,875**	**5,695**	**4,143**	**9,838**
Diac redeemable shares	12	-	12	12	-	12
Bonds	-	14,638	14,638	-	13,025	13,025
Other debts represented by a certificate	-	4,771	4,771	-	4,353	4,353
Borrowings from credit institutions	-	3,845	3,845	-	2,934	2,934
Other interest-bearing borrowings	-	12,690	12,690	-	10,360	10,360
Total financial liabilities and debts of the Sales Financing segment (excluding derivatives)	**12**	**35,944**	**35,956**	**12**	**30,672**	**30,684**
Derivatives on financing operations of the Sales Financing segment	-	97	97	-	68	68
Total financial liabilities of the Sales Financing segment including derivatives	**12**	**36,041**	**36,053**	**12**	**30,740**	**30,752**
TOTAL FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT	**4,639**	**41,289**	**45,928**	**5,707**	**34,883**	**40,590**

(1) The Automotive (excluding AVTOVAZ) segment's financial lease liability amounts to €83 million at December 31, 2016.

(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. The AVTOVAZ financial lease liability amounts to €6 million at December 31, 2016.

B - Changes in Automotive financial liabilities and derivative assets on financing operations

(€ million)	December 31, 2015	Change in cash flows	Change resulting from acquisition or loss of control over subsidiaries and other operating units	Other changes with no effect on cash flows	December 31, 2016
Renault SA redeemable shares	431	-	-	3	434
Bonds	5,655	(894)	-	(13)	4,748
Other debts represented by a certificate	567	(13)	-	-	554
Borrowings from credit institutions (at amortized cost)	2,212	(921)	-	364	1,655
Other interest-bearing borrowings	508	(165)	10	23	376
Financial liabilities of the Automotive (excluding AVTOVAZ) segment (excluding derivatives)	**9,373**	**(1,993)**	**10**	**377**	**7,767**
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	465	142	-	19	626
Total financial liabilities of the Automotive (excluding AVTOVAZ) segment	**9,838**	**(1,851)**	**10**	**396**	**8,393**
Borrowings from credit institutions (at amortized cost)	-	-	1,362	(27)	1,335
Other interest-bearing borrowings	-	-	7	(1)	6
Other non-interest-bearing borrowings	-	-	144	(3)	141
Financial liabilities of AVTOVAZ (excluding derivatives)[1]	**-**	**-**	**1,513**	**(31)**	**1,482**
TOTAL AUTOMOTIVE FINANCIAL LIABILITIES INCLUDING AVTOVAZ (A)	**9,838**	**(1,851)**	**1,523**	**365**	**9,875**
Derivative assets on Automotive financing operations (excluding AVTOVAZ) (B)	563	83	-	(25)	621
NET CHANGE IN AUTOMOTIVE FINANCIAL LIABILITIES IN CONSOLIDATED CASHFLOWS (SECTION 4.2.5) (A) – (B)		**(1,934)**			

(1) 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 €18 million for 2016 (€17 million for 2015), is included in interest expenses. These shares are listed on the Paris Stock exchange. They traded for €543.9 at December 31, 2016 and €540 at December 31, 2015 for par value of €153, leading to a corresponding €3 million adjustment (€80 million in 2015) 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 issued a private placement bond under its EMTN programme (¥10 billion and 3-year maturity), and a Samurai bond on the Japanese market as part of its "Shelf Registration" programme (¥50 billion and 3-year maturity).

Over the same period, the Brazilian subsidiary Renault do Brasil issued a 4-year bond of 400 million Brazilian reals. This bond is redeemable quarterly.

The total amount of bonds issued by the Automotive (excluding AVTOVAZ) segment in 2016 is €616 million.

In 2016, Renault SA redeemed bonds for a total amount of €1,490 million, and Renault do Brasil redeemed €20 million of the bond issued in March 2016.

Changes in debts of the Sales Financing segment

In 2016 the RCI Banque group redeemed bonds for a total of €3,673 million, and issued new bonds totalling €5,353 million and maturing between 2017 and 2023.

New savings collected rose by €2,342 million during 2016 (€1,695 million of sight deposits and €647 million of term deposits) to €12,576 million (€9,027 million of sight deposits and €3,549 million of term deposits), and are classified as other interest-bearing borrowings. These savings are collected in Germany, Austria, France and the United Kingdom.

Credit lines

At December 31, 2016, Renault SA had confirmed credit lines opened with banks worth €3,305 million (as at December 31, 2015). These credit lines were unused at December 31, 2016 and 2015.

Also, at December 31, 2016, the Sales Financing segment's confirmed credit lines opened in several currencies with banks amounted to €4,637 million (€4,882 at December 31, 2015). These credit lines were unused at December 31, 2016 and 2015.

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, 2016.

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

	December 31, 2016							
(€ million)	Balance sheet value	Total contractual flows	-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	+5 yrs
Bonds issued by Renault SA (by issue date)								
2007	10	10	10	-	-	-	-	-
2010	500	500	500	-	-	-	-	-
2012	850	849	849	-	-	-	-	-
2013	900	899	-	899	-	-	-	-
2014	1,233	1,223	723	-	-	-	500	-
2015	624	616	-	560	56	-	-	-
2016	486	485	-	-	485	-	-	-
Bonds issued by Renault do Brasil (by issue date)								
2016	94	94	29	29	29	7	-	-
Accrued interest, expenses and premiums	51	58	58	-	-	-	-	-
TOTAL BONDS	**4,748**	**4,734**	**2,169**	**1,488**	**570**	**7**	**500**	**-**
Other debts represented by a certificate	554	554	554	-	-	-	-	-
Borrowings from credit institutions	1,655	1,639	1,102	344	98	95	-	-
Other interest-bearing borrowings	376	391	159	27	23	21	20	141
TOTAL OTHER FINANCIAL LIABILITIES	**2,585**	**2,584**	**1,815**	**371**	**121**	**116**	**20**	**141**
Future interest on bonds and other financial liabilities	**-**	**198**	**82**	**62**	**21**	**17**	**16**	**-**
Redeemable shares	**434**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivatives on financing operations	**626**	**626**	**544**	**50**	**16**	**11**	**5**	**-**
TOTAL FINANCIAL LIABILITIES OF THE AUTOMOTIVE (EXCLUDING AVTOVAZ) SEGMENT	**8,393**	**8,142**	**4,610**	**1,971**	**728**	**151**	**541**	**141**

The portion of financial liabilities of the Automotive (excluding AVTOVAZ) segment maturing within one year breaks down as follows:

	December 31, 2016			
(€ million)	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months -1 year
Bonds	2,169	1	23	2,145
Other financial liabilities	1,815	267	641	907
Future interest on bonds and other financial liabilities	82	4	24	54
Derivatives on financing operations	544	167	108	269
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**4,610**	**439**	**796**	**3,375**

Financial liabilities and debts of the Sales Financing segment

(€ million)	December 31, 2016							
	Balance sheet value	Total contractual flows	-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	+5 yrs
Bonds issued by RCI Banque (year of issue)								
2012	720	717	717	-	-	-	-	-
2013	1,667	1,562	11	1,551	-	-	-	-
2014	3,164	3,136	1,702	16	898	-	520	-
2015	3,612	3,584	773	1,002	32	1,011	-	766
2016	5,378	5,393	21	880	2,407	-	748	1,337
Accrued interest, expenses and premiums	97	133	129	4	-	-	-	-
TOTAL BONDS	**14,638**	**14,525**	**3,353**	**3,453**	**3,337**	**1,011**	**1,268**	**2,103**
Other debts represented by a certificate	4,771	4,776	2,444	1,639	107	57	529	-
Borrowings from credit institutions	3,845	3,845	1,074	412	274	2,081 (1)	4	-
Other interest-bearing borrowings	12,690	12,690	11,129	970	398	123	70	-
TOTAL OTHER FINANCIAL LIABILITIES	**21,306**	**21,311**	**14,647**	**3,021**	**779**	**2,261**	**603**	**-**
Future interest on bonds and other financial liabilities	**-**	**746**	**196**	**258**	**167**	**54**	**42**	**29**
Redeemable shares	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities on financing operations	**97**	**100**	**43**	**26**	**10**	**5**	**6**	**10**
TOTAL FINANCIAL LIABILITIES AND DEBTS OF THE SALES FINANCING SEGMENT	**36,053**	**36,682**	**18,239**	**6,758**	**4,293**	**3,331**	**1,919**	**2,142**

(1) Including €2 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:

(€ million)	December 31, 2016			
	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months – 1 year
Bond	3,353	631	97	2,625
Other financial liabilities	14,647	10,579	1,220	2,848
Future interest on bonds and other financial liabilities	196	4	15	177
Derivative liabilities on financing operations	43	1	5	37
TOTAL FINANCIAL LIABILITIES MATURING WITHIN 1 YEAR	**18,239**	**11,215**	**1,337**	**5,687**

D - Financial liabilities of the AVTOVAZ segment

The AVTOVAZ segment's short-term loans and borrowings consisted of the following:

(€ million)	December 31, 2016
Rouble-denominated bank loans	696
Foreign currency denominated bank loans	9
Other Rouble-denominated interest-bearing loans	41
TOTAL SHORT-TERM LOANS AND BORROWINGS OF THE AVTOVAZ GROUP	**746**
Less short-term loans and borrowings from Renault s.a.s.	(40)
TOTAL CURRENT FINANCIAL LIABILITIES OF THE AVTOVAZ SEGMENT	**706**

The AVTOVAZ segment's long-term loans and borrowings consisted of the following:

(€ million)	December 31, 2016
Rouble-denominated bank loans	630
Rouble-denominated interest-free loans	128
Rouble-denominated interest-free promissory notes	13
Other interest-bearing Rouble-denominated loans	5
Other foreign currency denominated interest-bearing loans and borrowings	57
TOTAL LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ GROUP	**833**
Total long-term loans and borrowings of Alliance Rostec Auto B.V.	178
TOTAL LONG-TERM LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT	**1,011**
Less long-term loans and borrowings from Renault s.a.s.	(235)
NON-CURRENT FINANCIAL LIABILITIES OF THE AVTOVAZ SEGMENT	**776**

Rouble-denominated interest-free loans and promissory notes consisted of the following liabilities:

		December 31, 2016			
Original date	Maturity date	Nominal value		Book value	
Rouble-denominated interest-free loans		(Millions of roubles)	(€ million)	(Millions of roubles)	(€ million)
June 5, 2009	June 5, 2032	25,000	389	4,002	62
April 29, 2010	April 29, 2032	26,282	409	4,258	66
TOTAL		**51,282**	**798**	**8,260**	**128**
Rouble-denominated interest-free promissory notes					
April 23, 2001	March 7, 2020	1,481	23	806	13

At December 31, 2016, the AVTOVAZ Group's average interest rate was 12.25% for outstanding rouble-denominated bank loans and 4.97% for foreign currency-denominated bank loans. Foreign currency-denominated bank loans are in Euro and Yen. AVTOVAZ Group had €51 million of floating-rate bank loans at December 31, 2016.

As at December 31, 2016, AVTOVAZ Group had confirmed credit lines opened with banks in the amount of € 1,601 million. As at December 31, 2016, AVTOVAZ Group had available €312 million of undrawn committed borrowing facilities, of which €2 million were available for future operating activities and €310 million were available for investment activities.

As at December 31, 2016, 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, 2016, the AVTOVAZ Group had €601 million of bank loans with breached covenants. Credit institutions may claim for early repayment of the debts. Therefore, €246 million of a long-term debt with breached covenants was classified as short-term liabilities at December 31, 2016.

As at December 31, 2016, AVTOVAZ Group received waivers for loan agreements in the amount of €282 million in relation to breached loan covenants including €124 million of long-term debt. However, a grace period of these waivers is less than twelve months after the reporting period. Therefore, €124 million of long-term debt was classified as short-term liabilities.

As of the date of approval of these consolidated financial statements, credit institutions have brought no claim to AVTOVAZ Group to demand early repayment of debts.

Long-term loans and borrowings are repayable as follows:

(€ million)	December 31, 2016
Current portion of loans and borrowings	349
1 to 5 years	711
5 years	1,048
TOTAL LONG-TERM LOANS AND BORROWINGS	**2,108**
Less current portion of loans and borrowings	(349)
Less loans with breached covenants	(246)
Less adjustment for discounting interest-free rouble-denominated liabilities	(680)
Long-term portion of loans and borrowings of the AVTOVAZ Group	**833**
1 to 5 years	178
Long-term loans and borrowings of Alliance Rostec Auto B.V.	**178**
NON-CURRENT LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT	**1,011**
Less long-term portion of loans and borrowings from Renault s.a.s.	(235)
TOTAL NON-CURRENT LOANS AND BORROWINGS OF THE AVTOVAZ SEGMENT	**776**

At December 31, 2016, the AVTOVAZ Group's loans and borrowings of €952 million (including short-term portion) were secured by property, plant and equipment in the amount of €238 million and finished goods in the amount of €39 million.

NOTE 24

FINANCIAL INSTRUMENTS BY LEVEL, FAIR VALUE AND IMPACT ON NET INCOME

A - Financial instruments by category and fair value by level

IAS 39 standard defines 4 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 2016, no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

Financial assets and other assets (€ million)	Notes	December 31, 2016 Balance sheet 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	Fair value level of financial assets at fair value: Level 1	Level 2	Level 3
Loans	22	-	-	-	-	458	(1)			
Sales financing receivables	15	-	-	-	-	34,358	34,402 (2)			
Automotive customer receivables	16	-	-	-	-	1,914	(1)			
Tax receivables (including current taxes due)	17	-	-	-	-	2,298	(1)			
Other receivables and prepaid expenses	17	-	-	-	-	2,395	(1)			
Cash equivalents	22	-	-	-	-	6,634	(1)			
Cash	22	-	-	-	-	7,031	(1)			
TOTAL FINANCIAL ASSETS RECORDED AT AMORTIZED COST		**-**	**-**	**-**	**-**	**55,088**				
Marketable securities and negotiable debt instruments	22	-	-	-	952	-		952	-	-
Investments in non-controlled entities	22	-	-	-	1,269	-		1,163	-	106
Investments in unconsolidated controlled entities	17	-	-	-	82	-		-	-	82
Derivatives on financing operations of the Automotive segments	22	-	-	1	-	-		-	1	-
Derivatives on operating transactions of the Automotive segments	17	-	-	4	-	-		-	4	-
Derivatives on financing operations of the Sales Financing segment	17	-	-	43	-	-		-	43	-
Financial assets at fair value through equity		**-**	**-**	**48**	**2,303**	**-**		**2,115**	**48**	**188**
Other receivables[3]	17	-	5	-	-	-		-	5	-
Derivatives on financing operations of the Automotive segments	22	615	-	5	-	-		-	620	-
Derivatives on operating transactions of the Automotive segments	17	-	-	-	-	-		-	-	-
Derivatives on financing operations of the Sales Financing segment	17	36	-	159	-	-		-	195	-
Cash equivalents	22	51	-	-	137	-		188	-	-
Financial assets at fair value through profit and loss		**702**	**5**	**164**	**137**	**-**		**188**	**820**	**-**
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE		**702**	**5**	**212**	**2,440**	**-**		**2,303**	**868**	**188**

(1) The Group does not report the fair value of financial assets such as trade receivables of the Automotive segments, 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.

Financial assets and other assets (€ million)	Notes	December 31, 2015 Balance sheet 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	Fair value level of financial assets at fair value: Level 1	Level 2	Level 3
Loans	22	-	-	-	-	689	(1)			
Sales financing receivables	15	-	-	-	-	28,605	28,633(2)			
Automotive customer receivables	16	-	-	-	-	1,262	(1)			
Tax receivables (including current taxes due)	17	-	-	-	-	1,746	(1)			
Other receivables and prepaid expenses	17	-	-	-	-	2,056	(1)			
Cash equivalents	22	-	-	-	-	4,965	(1)			
Cash	22	-	-	-	-	8,980	(1)			
TOTAL FINANCIAL ASSETS RECORDED AT AMORTIZED COST		**-**	**-**	**-**	**-**	**48,303**				
Marketable securities and negotiable debt instruments	22	-	-	-	614	-		614	-	-
Investments in non-controlled entities	22	-	-	-	1,372	-		1,276	-	96
Investments in unconsolidated controlled entities	17	-	-	-	45	-		-	-	45
Derivatives on financing operations of the Automotive segments	22	-	-	-	-	-		-	-	-
Derivatives on operating transactions of the Automotive segments	17	-	-	38	-	-		-	38	-
Derivatives on financing operations of the Sales Financing segment	17	-	-	88	-	-		-	88	-
Financial assets at fair value through equity		**-**	**-**	**126**	**2,031**	**-**		**1,890**	**126**	**141**
Derivatives on financing operations of the Automotive segments	22	524	-	39	-	-		-	563	-
Derivatives on operating transactions of the Automotive segments	17	1	-	-	-	-		-	1	-
Derivatives on financing operations of the Sales Financing segment	17	45	-	242	-	-		-	287	-
Cash equivalents	22	18	-	-	170	-		188	-	-
Financial assets at fair value through profit and loss		**588**	**-**	**281**	**170**	**-**		**188**	**851**	**-**
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE		**588**	**-**	**407**	**2,201**	**-**		**2,078**	**977**	**141**

(1) The Group does not report the fair value of financial assets such as trade receivables of the Automotive segments, 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.

Financial liabilities and other liabilities (€ million)	Notes	December 31, 2016							
		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	Level 3
Tax liabilities (including current taxes due)	21	-	-	-	1,702	(1)			
Social liabilities	21	-	-	-	1,426	(1)			
Other liabilities and deferred income	21	-	-	-	8,152	(1)			
Trade payables		-	-	-	9,533	(1)			
Bonds (*)	23	-	-	-	19,386	19,495 (2)			
Other debts represented by a certificate (*)	23	-	-	-	5,325	5,351 (2)			
Borrowings from credit institutions (*)	23	-	-	-	6,835	6,783 (2)			
Other interest-bearing and non-interest-bearing borrowings (*)	23	-	-	-	13,213	13,265 (2)			
TOTAL FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST		**-**	**-**	**-**	**65,572**				
** Financial liabilities and debts of the Automotive (excluding AVTOVAZ) segment*					*7,333*	*7,350*			
Financial liabilities and debts of AVTOVAZ					*1,482*	*1,518*			
Financial liabilities and debts of the Sales Financing segment					*35,944*	*36,026*			
Derivatives on financing operations of the Automotive segments	23	-	-	5	-		-	5	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	53	-		-	53	-
Derivatives on operating transactions of the Automotive segments	21	-	-	9	-		-	9	-
Financial liabilities at fair value through equity		**-**	**-**	**67**	**-**		**-**	**67**	**-**
Redeemable shares (Renault & Diac)	23	-	446	-	-		446	-	-
Derivatives on financing operations of the Automotive segments	23	621	-	-	-		-	621	-
Derivatives on financing operations of the Sales Financing segment	23	30	-	14	-		-	44	-
Derivatives on operating transactions of the Automotive segments	21	1	-	-	-		-	1	-
Financial liabilities at fair value through profit and loss		**652**	**446**	**14**	**-**		**446**	**666**	**-**
TOTAL FINANCIAL LIABILITIES RECORDED AT FAIR VALUE		**652**	**446**	**81**	**-**		**446**	**733**	**-**

(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, 2016 for loans with similar conditions and maturities. The rates offered to Renault result from observable market data such as zero-coupon interest rate 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, 2016.

Financial liabilities and other liabilities (€ million)	Notes	December 31, 2015 Balance sheet 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	Fair value level of financial liabilities at fair value: Level 1	Level 2	Level 3
Tax liabilities (including current taxes due)	21	-	-	-	1,229	(1)			
Social liabilities	21	-	-	-	1,334	(1)			
Other liabilities and deferred income	21	-	-	-	6,780	(1)			
Trade payables		-	-	-	8,296	(1)			
Bonds (*)	23	-	-	-	18,680	18,734 (2)			
Other debts represented by a certificate (*)	23	-	-	-	4,920	4,936 (2)			
Borrowings from credit institutions (*)	23	-	-	-	5,146	5,139 (2)			
Other interest-bearing borrowings (*)	23	-	-	-	10,868	10,863 (2)			
TOTAL FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST		**-**	**-**	**-**	**57,253**				
** Financial liabilities and debts of the Automotive segments*					*8,942*	*8,938*			
Financial liabilities and debts of the Sales Financing segment					*30,672*	*30,734*			
Derivatives on financing operations of the Automotive segments	23	-	-	4	-		-	4	-
Derivatives on financing operations of the Sales Financing segment	23	-	-	20	-		-	20	-
Derivatives on operating transactions of the Automotive segments	21	-	-	6	-		-	6	-
Financial liabilities at fair value through equity		**-**	**-**	**30**	**-**		**-**	**30**	**-**
Redeemable shares (Renault & Diac)	23	-	443	-	-		443	-	-
Derivatives on financing operations of the Automotive segments	23	461	-	-	-		-	461	-
Derivatives on financing operations of the Sales Financing segment	23	28	-	20	-		-	48	-
Financial liabilities at fair value through profit and loss		**489**	**443**	**20**	**-**		**443**	**509**	**-**
TOTAL FINANCIAL LIABILITIES RECORDED AT FAIR VALUE		**489**	**443**	**50**	**-**		**443**	**539**	**-**

(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 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, 2015 for loans with similar conditions and maturities. The rates offered to Renault result from observable market data such as zero-coupon interest rate curves and secondary market prices for bonds issued by the Group, and consequently this is a level 2 fair value.

B - Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €188 million at December 31, 2016 (€141 million at December 31, 2015). They increased by €47 million over the year.

C - Impact of financial instruments on net income

2016 (€ million)	Financial assets other than derivatives			Financial liabilities other than derivatives			
	Instruments held for trading	Available-for-sale instruments	Loans and receivables	Instruments designated as measured at fair value through profit and loss	Instruments measured at amortized cost [1]	Derivatives	Total impact on net income
Operating margin	2	-	13	-	(74)	42	(17)
Net financial income (expenses)	3	40	150	(22)	(493)	(1)	(323)
Impact on net income – Automotive (excluding AVTOVAZ) segment	**5**	**40**	**163**	**(22)**	**(567)**	**41**	**(340)**
Operating margin	-	9	1,286	-	(718)	(41)	536
Impact on net income – Sales Financing segment	**-**	**9**	**1,286**	**-**	**(718)**	**(41)**	**536**
TOTAL GAINS (LOSSES) WITH IMPACT ON NET INCOME	**5**	**49**	**1,449**	**(22)**	**(1,285)**	**-**	**196**

(1) Including financial liabilities subject to fair value hedges.

For the Automotive (excluding AVTOVAZ) segment, 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)	2016	2015
Change in fair value of the hedging instrument	(89)	46
Change in fair value of the hedged item	89	(42)
Net impact on net income of fair value hedges	**-**	**4**

This net impact of fair value hedges on net income corresponds to the ineffective portion of hedges in 2015. 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, 2016 (€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
Cash flow hedges	-	-	-	-	-	2
Fair value hedges	-	-	103	-	3	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	52	516	36	50	569	-
TOTAL FOREIGN EXCHANGE RISK	**52**	**516**	**139**	**50**	**572**	**2**
Cash flow hedges	-	-	43	5	53	-
Fair value hedges	6	-	56	-	14	-
Derivatives not classified as hedges and derivatives held for trading	24	23	-	27	2	-
TOTAL INTEREST RATE RISK	**30**	**23**	**99**	**32**	**69**	**-**
Cash flow hedges	-	-	4	-	-	7
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	1
TOTAL COMMODITY RISK	**-**	**-**	**4**	**-**	**-**	**8**
TOTAL	**82**	**539**	**242**	**82**	**641**	**10**

AVTOVAZ holds no derivatives at December 31, 2016.

December 31, 2015 (€ million)	Financial assets		Other assets	Financial liabilities and sales financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
Cash flow hedges	-	-	38	-	-	-
Fair value hedges	-	-	191	-	19	-
Net investment hedge in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	36	444	46	34	403	-
TOTAL FOREIGN EXCHANGE RISK	**36**	**444**	**275**	**34**	**422**	**-**
Cash flow hedges	-	-	88	4	20	-
Fair value hedges	7	32	51	-	1	-
Derivatives not classified as hedges and derivatives held for trading	32	12	-	24	28	-
TOTAL INTEREST RATE RISK	**39**	**44**	**139**	**28**	**49**	**-**
Cash flow hedges	-	-	-	-	-	6
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
TOTAL COMMODITY RISK	**-**	**-**	**-**	**-**	**-**	**6**
TOTAL	**75**	**488**	**414**	**62**	**471**	**6**

A2 Netting agreements and other similar commitments

FRAMEWORK AGREEMENTS FOR OPERATIONS ON FINANCIAL FUTURES AND SIMILAR AGREEMENTS

The Group negotiates its 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.

NETTING OF FINANCIAL ASSETS AND LIABILITIES: SUMMARY

December 31, 2016 (€ million)	Amounts in the statement of financial position eligible for netting	Amounts not netted in the statement of financial position: Financial instruments Assets/liabilities	Amounts not netted in the statement of financial position: Guarantees included in liabilities	Net amounts
Assets				
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	621	(373)	-	248
Derivatives on financing operations of the Sales Financing segment	238	(58)	-	180
Sales financing receivables on dealers(1)	377	-	(169)	208
TOTAL ASSETS	**1,236**	**(431)**	**(169)**	**636**
Liabilities				
Derivatives on financing operations of the Automotive (excluding AVTOVAZ) segment	626	(373)	-	253
Derivatives on financing operations of the Sales Financing segment	97	(58)	-	39
TOTAL LIABILITIES	**723**	**(431)**	**-**	**292**

(1) *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 an 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 project financing via the banking sector or public or semi-public bodies.

Medium-term refinancing for the Automotive (excluding AVTOVAZ) segment in 2016 was mostly provided by bond issues totalling Y10 billion in a private placement with 3-year maturity as part of Renault SA's EMTN programme, and an issue on the Japanese market as part of Renault SA's "Shelf registration" programme, amounting to Y50 billion with 3-year maturity.

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 worth €3,305 million, maturing at various times up to 2020. None of these credit lines was used in 2016. 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 (€11.8 billion) and confirmed credit lines unused at year-end (€3.3 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 risks monitoring uses several indicators or analyses which are updated monthly based on the latest forecasts of credit outstanding (concerning both customers and the dealership network) and refinancing operations undertaken. Prudent assumptions have been applied regarding the laws on deposit outflows.

In 2016 the Sales Financing segment issued five public bonds for a total amount of €3,350 million: one €500 million variable-coupon bond with 3-year maturity, one €600 million fixed-coupon bond with 7-year maturity, and three €750 million fixed-coupon bonds with maturities of 3 years, 5 years and 7 years. The success of the two 7-year bonds, a long maturity used for the first time in 2014, diversified the investor base and demonstrates investors'confidence in RCI Banque as a sound business.

Many other private placements were undertaken, totalling €1.1 billion with maturities of between 2 and 3 years.

The Sales Financing segment also undertook a public securitization operation backed by German automobile credits, of which €500 million were placed with investors. This replaces an operation dating from 2013 which has been in the process of amortization since 2014.

The alternation of different maturities, coupon types and issue formats is part of the Sales financing's diversification strategy for financing sources. This policy has been followed for several years, and enables RCI Banque to reach the maximum number of investors.

Outside Europe, the Sales financing entities in Argentina, Brazil, South Korea and Morocco made borrowings through their domestic bond markets.

Savings deposits collected from private customers increased by €2.3 billion in one year. At December 31, 2016 they totalled €12.6 billion or more than 33% of credit outstanding, in line with the company's objective of holding customer deposits equivalent to one third of the customer financing given.

In addition to these resources, in Europe the Sales Financing segment has €4.1 billion in undrawn confirmed credit lines with banks, €2.6 billion of collateral eligible for the European Central Bank's monetary policy operations, €1.3 billion of highly liquid assets, and short-term financial assets amounting to €0.3 billion. These resources enable RCI Banque to fund its customer financing for more than 10 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 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 the General 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 Y156 billion at December 31, 2016 (note 12-H).

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 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, 2016 RCI Banque's consolidated foreign exchange position reached €9 million.

The Automotive (excluding AVTOVAZ) and Sales Financing segments made no major changes to their foreign exchange risks management policy in 2016.

ANALYSIS OF FINANCIAL INSTRUMENTS'SENSITIVITY TO FOREIGN EXCHANGE RISKS

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, 2016, mainly associated with the yen bond issues that make up the partial hedge of the investment in Nissan.

The impact on net income of a 1% rise in the Euro against other currencies would be an unfavourable €(8) million at December 31, 2016, mainly attributable to unhedged operating assets and liabilities denominated in a currency that is not the functional currency.

CURRENCY DERIVATIVES

	December 31, 2016				December 31, 2015			
(€ million)	Nominal	-1 yr	1 – 5 yrs	+5 yrs	Nominal	-1 yr	1 – 5 yrs	+5 yrs
Currency swaps – purchases	3,758	2,555	1,203	-	7,923	5,317	2,606	-
Currency swaps – sales	3,903	2,593	1,310	-	8,033	5,334	2,699	-
Forward purchases	28,296	27,204	1,092	-	23,509	23,063	446	-
Forward sales	28,292	27,200	1,092	-	23,520	23,074	446	-

B3 –Interest rate risks

INTEREST RATE RISKS MANAGEMENT

The Renault Group's exposure to interest rate risks mainly concerns the sales financing business of **Sales financing** and its subsidiaries. The overall interest rate risks represent the impact of fluctuating rates on the future gross financial margin. The Sales Financing segment's aim is to limit these 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 result 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 seventy-two months. These loans are hedged by fixed-rate resources with the same structure. They are covered by macro-hedging and only generate a residual interest rate risk. In subsidiaries where the financing bears interest at a floating rate, the interest rate risk is hedged by macro-hedging using interest rate swaps.
- The main activity of the Sales Financing segment's central refinancing department is refinancing the Group's commercial subsidiaries. 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 are swapped to variable rates to maintain a balance between floating-rate liabilities and floating-rate assets when the yield curve is not close enough to zero. 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.

Finally, 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 its interest rate risk management policy in 2016.

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 one-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 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 €92 million and €3 million respectively at December 31, 2016.

For the Sales Financing segment, the overall sensitivity to interest rate risks in 2016 remained below the limit set by the RCI Banque group (€40 million until December 5, 2016 and €50 million since that date).

At December 31, 2016, a 100 point base point rise in interest rates would have the following impacts on net income and shareholders'equity (before taxes):

- +€12.3 million for items denominated in Euros;
- -€0.1 million for items denominated in Argentinean pesos;
- -€0.1 million for items denominated in Brazilian real;
- +€3.6 million for items denominated in Swiss francs;
- +€0.5 million for items denominated in pounds sterling;
- -€0.1 million for items denominated in Korean won;
- +€1.4 million for items denominated in Moroccan dirham;
- +€0.3 million for items denominated in Polish zloty.

The sum of the absolute sensitivities in each currency amounts to €18.6 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, 2016	December 31, 2015
Financial liabilities before hedging: fixed rate (a)	23,850	23,242
Financial liabilities before hedging: floating rate (a')	19,427	16,372
Financial liabilities before hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**43,277**	**39,614**
Hedges: floating rate/fixed (b)	7,525	5,931
Hedges: fixed rate/floating (b')	7,340	7,755
Hedges	**14,865**	**13,686**
Financial liabilities after hedging: fixed rate (a+b-b')	24,035	21,418
Financial liabilities after hedging: floating rate (a'+b'-b)	19,242	18,196
Financial liabilities after hedging (without redeemable shares) of the Group (excluding AVTOVAZ)	**43,277**	**39,614**

INTEREST RATE DERIVATIVES

	December 31, 2016				December 31, 2015			
(€ million)	Nominal	-1 yr	1 – 5 yrs	+5 yrs	Nominal	-1 yr	1 – 5 yrs	+5 yrs
Interest rate swaps	18,293	5,975	10,668	1,650	15,447	5,100	9,447	900
Other interest rate hedging instruments	-	-	-	-	-	-	-	-

B4 Equity risks

MANAGEMENT OF EQUITY RISKS

The Group's exposure to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and marketable securities indexed to share prices. The Group does not use equity derivatives to hedge these risks.

The Group made no major changes to its equity risks management policy in 2016.

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 €137 million on shareholders'equity. The impact on net income is not significant at December 31, 2016.

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 2016 Renault undertook hedging operations for a maximum of 70% of monthly quantities on aluminium, lead, copper, palladium, platinum, nickel and Brent oil, whenever prices on the financial markets fall below thresholds validated by the CEO.

The operations in progress at December 31, 2016 are classified for accounting purposes as cash flow hedges, and accordingly changes in their fair value are included in shareholders'equity.

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 €13 million on shareholders'equity at December 31, 2016.

COMMODITY DERIVATIVES

	December 31, 2016				December 31, 2015			
(€ million)	Nominal	-1 yr	1 to 5 yrs	+5 yrs	Nominal	-1 yr	1 to 5 yrs	+5 yrs
Purchases of *swaps*	142	142	-	-	111	111	-	-

B6 Counterparty risk

All Group entities 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 Group companies with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control 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.

Most deposits are with large network banks, as this allows a good spread of the risk and lowers the systemic risk. None of these deposits are for terms longer than 90 days.

The Group 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 2016.

C - Management of AVTOVAZ Group financial risks

AVTOVAZ Group's principal financial liabilities comprise bank loans, finance leases, trade payables and loans received. 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 and short-term deposits, which arise directly from its operations.

It is, and has been throughout 2016 AVTOVAZ Group's policy that no trading in derivatives shall be undertaken. The main risks arising from AVTOVAZ Group's financial instruments are liquidity risk, foreign exchange risk and credit risk.

C1 Foreign exchange risks

AVTOVAZ Group carries out sales both within and outside the Russian Federation. As a result, AVTOVAZ Group has currency exposures. Such exposure arises from sales in currencies other than AVTOVAZ's functional currency, i.e. the Russian rouble. Almost 98% of sales are denominated in Russian rouble, whilst approximately 10% of costs are denominated in currencies other than Russian rouble.

At December 31, 2016 AVTOVAZ Group had €5 million of cash and cash equivalents, €3 million of trade and other receivables, €106 million of loans and borrowings and €97 million of trade and other payables denominated in currencies other than the Russian rouble. Risk management is carried out by PJSC AVTOVAZ Finance department, which identifies, evaluates and manages foreign exchange risks by analysing 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 exposure and has no currency derivatives.

The following table demonstrates the sensitivity to a change in the US dollar, Euro, Japanese Yen exchange rates of AVTOVAZ Group's profit before tax.

(€ million)	Increase/(decrease) in exchange rate %	Effect on profit before tax
2016		
EUR/RUB	20.2	(35)
JPY/RUB	24.0	(5)
USD/RUB	19.0	(1)
EUR/RUB	(20.2)	35
JPY/RUB	(24.0)	5
USD/RUB	(19.0)	1

C2 Credit risk

At December 31, 2016, AVTOVAZ Group has €274 million in cash and cash equivalents and €13 million of long-term financial 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.

AVTOVAZ Group trades only with recognised, 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

AVTOVAZ Group monitors its risk to a shortage of funds using recurring 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.

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, 2016 based on contractual undiscounted payments (including future interests on borrowings).

(€ million)	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
December 31, 2016					
Loans and borrowings	67	154	650	1,105	1,976
Including Renault Group	-	*40*	-	*91*	*131*
Trade and other payables	912	1	-	-	913
Including Renault Group	*406*	-	-	-	*406*
Loans with breached covenants	33	380	265	-	678

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; 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, 2016, AVTOVAZ Group financial liabilities at variable rate amount to €51 million (note 23-D).

4.2.6.6 Cash flows and other information

NOTE 26
CASH FLOWS

The acquisition of control, as defined by IFRS 10, over the AVTOVAZ Group and its parent-company took place on December 28, 2016. Since the impact of these entities on changes in cash between December 28, 2016 and December 31, 2016 are judged non-significant, full consolidation is applied from December 31, 2016. Cash flows for 2016, as in 2015, do not therefore include the activity of this group.

A - Other income and expenses with no impact on cash

(€ million)	2016	2015 restated[(1)]
Net allocation to provisions	605	(251)
Net effects of sales financing credit losses	(8)	(20)
Net (gain) loss on asset disposals	(655)	(10)
Change in fair value of redeemable shares	3	80
Change in fair value of other financial instruments	3	(18)
Net financial indebtedness	284	225
Deferred taxes	327	(161)
Current taxes	728	527
Other	118	78
OTHER INCOME AND EXPENSES WITH NO IMPACT ON CASH BEFORE INTEREST AND TAX	**1,405**	**450**

(1) *The change in presentation concerning interest and current taxes received and paid and the resulting reclassifications in the 2015 financial statements are presented in notes 2-C and 2-D.*

B - Change in working capital

(€ million)	2016	2015 restated[(1)]
Decrease (increase) in net inventories	(1,233)	(813)
Decrease (increase) in Automotive net receivables	(513)	(348)
Decrease (increase) in other assets	(696)	(465)
Increase (decrease) in trade payables	894	1,219
Increase (decrease) in other liabilities	1,309	824
INCREASE (DECREASE) IN WORKING CAPITAL BEFORE TAX	**(239)**	**417**

(1) *The change in presentation concerning interest and current taxes received and paid and the resulting reclassifications in the 2015 financial statements are presented in notes 2-C and 2-D.*

C - Capital expenditure

(€ million)	2016	2015
Purchases of intangible assets	(1,058)	(956)
Purchases of property, plant and equipment (other than assets leased to customers)	(2,216)	(1,962)
TOTAL PURCHASES FOR THE PERIOD	**(3,274)**	**(2,918)**
Deferred payments	177	117
TOTAL CAPITAL EXPENDITURE	**(3,097)**	**(2,801)**

NOTE 27
RELATED PARTIES

A - Remuneration of directors and Executives and Executive Committee members

The table below reports the compensation of the Chairman and CEO and Group Executive Committee members accounted for in expenses in 2016 and 2015. Amounts are allocated pro rata to the periods in which the functions were occupied.

(€ million)	2016	2015
Basic salary	5.9	5.5
Retirement indemnities	-	-
Performance-related salary	7.5	7.4
Employer's social security charges (1)	7.5	6.8
Complementary pension	5.2	5.4
Other components of remuneration	1.5	1.4
TOTAL REMUNERATION EXCLUDING STOCK OPTIONS AND PERFORMANCE SHARES(1)	**27.6**	**26.5**
Stock options and performance shares	12	8.7
TOTAL STOCK OPTIONS AND PERFORMANCE SHARES	**12**	**8.7**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND GROUP EXECUTIVE COMMITTEE MEMBERS	**39.6**	**35.2**

(1) 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 €1,1 million in 2016 (€1,2 million in 2015) 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 2016 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 and AVTOVAZ (before control was acquired, as defined by IFRS 10, over AVTOVAZ and Alliance Rostec Auto B.V. in late 2016) are provided in notes 12 and 13-A respectively.

C - Transactions with the French State and public companies

In the course of its business the Group undertakes transactions with the State and public companies such as UGAP, EDF, and La Poste. These transactions, which take place under normal market conditions, represent sales of €326 million in 2016 (€250 million in 2015) and a receivable of €97 million at December 31, 2016 (€70 million in 2015).

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 automobile 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).

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, 2016	December 31, 2015
Financing commitments in favour of customers[1]	2,082	1,984
Firm investment orders[2]	655	568
Lease commitments[3]	434	247
Assets pledged, provided as guarantees or mortgaged[4]	277	70
Sureties, endorsements and guarantees given and other commitments	154	214

(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 €1,998 million at December 31, 2016 (€1,881 million at December 31, 2015).

(2) Firm investment orders at AVTOVAZ amount to €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 analysed (note 2-A). The lease commitments made by AVTOVAZ amount to €43 million at December 31, 2016.

(4) At December 31, 2015, assets pledged, provided as guarantees or mortgaged mainly concern guarantees of financial liabilities provided by Renault Samsung Motors when it was acquired by Renault in 2000. In 2016, these financial liabilities were fully early redeemed with cancellation of corresponding guarantees. At December 31, 2016, assets pledged, provided as guarantees or mortgaged, and other commitments include commitments given by AVTOVAZ amounting to €277 million, essentially corresponding to property, plant and equipment and finished goods securing financial liabilities (note 23-D).

Operating lease commitments correspond to rent from non-cancellable leases. The breakdown is as follows:

(€ million)	December 31, 2016	December 31, 2015
Less than 1 year	85	42
Between 1 and 5 years	212	149
More than 5 years	137	56
TOTAL [1]	**434**	**247**

(1) Lease commitments by AVTOVAZ amount to €43 million at December 31, 2016 and mostly mature in more than 5 years (€37 million).

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, penalties are payable by the Argentinean automotive sector if the average ratio of imports to exports with Brazil exceeds 1.5 over the period July 2015 to June 2020 (this ratio may be raised to 1.7 from June 30, 2019. These penalties can amount to up to 75% of customs duties due on cars and spare parts, and the calculation concerns the entire automotive sector. The observed ratio for 2016 is expected to be above 1.5 and Renault is a contributor to this situation. Applicable regulation allows credits to be purchased from other automakers concerned to avoid paying the penalties due. This agreement creates a contingent obligation for Renault that will only be confirmed by the occurrence of uncertain future events that are not totally under its control, since the ratio to be respected concerns the entire automotive sector. Reliable estimation of the potential risk over the period concerned by the agreement 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.

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer’s favour. At December 31, 2016, 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, 2016 are the following: some inquiries in Europe concerning the level of vehicle emissions. No provision has been recognized for these investigations, but the cost of adapting vehicles already on the road is covered by a provision amounting to €20 million at December 31, 2016. The investigation by the competition authorities in Korea was closed in 2017 and concluded with the absence of violation of competition regulations.

Group companies are subject to the applicable regulations regarding pollution, which 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 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 year-end, 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, 2016	December 31, 2015
Sureties, endorsements and guarantees received	2,295	2,039
Assets pledged or mortgaged [(1)]	3,138	2,672
Buy-back commitments [(2)]	2,274	1,656
Other commitments	33	4

(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 €2,757 million at December 31, 2016 (€2,397 million at December 31, 2015). In addition, AVTOVAZ Group received pledges on real estate, properties and inventories as guarantee on loans provided (€13 million) and trade receivable (€93 million).

(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 notes 23-A.

NOTE 29

FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The fees paid to the Group's statutory auditors and their networks are reported in section 7.3.3 of the 2016 Registration document.

NOTE 30

SUBSEQUENT EVENTS

In the ongoing "emissions" affair, Renault notes that a legal investigation has been opened, although at this stage it has not been able to obtain official confirmation of this. This new stage in the procedure is seen as an indication that the French prosecution office wishes to pursue this matter. No provision has been recorded in the financial statements at December 31, 2016 in respect of this matter.

NOTE 31
CONSOLIDATED COMPANIES

A - Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
Renault SA	France	Consolidating company	Consolidating company
AUTOMOTIVE (EXCLUDING AVTOVAZ)			
France			
Renault s.a.s	France	100	100
Arkanéo	France	- (1)	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	-
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'Epone	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
Europe			
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
Renault Group 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

4

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
Grigny Ltd.	United Kingdom	100	100
Renault Sport Racing Limited	United Kingdom	100	-
Renault Retail Group U.K.	United Kingdom	100	100
Renault U.K.	United Kingdom	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenija	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
Americas			
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
Asia – Pacific			
Vehicle Distributors Australia	Australia	100	-
Renault Beijing Automotive Company	China	100	100
Renault Samsung Motors	South Korea	80	80
Africa – Middle East – India			
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
Eurasia			
Renault Nissan Bulgaria	Bulgaria	100	100
Dacia	Romania	99	99
Renault Mécanique Romania	Romania	100	100
Renault Commercial Romania	Romania	100	100
Renault Technologie Romania	Romania	100	100
CJSC Renault Russia	Russia	100	100
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
Renault Ukraine	Ukraine	100	100
SALES FINANCING			
France			
Diac	France	100	100
Diac Location	France	100	100
RCI Banque and branches	France	100	100
Europe			
RCI Versicherungs Services GmbH	Germany	100	100
RCI Financial Services S.A.	Belgium	100	100
Renault AutoFin S.A.	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
RCI Life Ltd	Malta	100	100

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
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	-
RCI Gest Instituiçao Financiora de Credito[1]	Portugal	- (1)	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 S.A.	Switzerland	100	100
Americas			
Courtage S.A.	Argentina	100	100
Rombo Compania Financiera	Argentina	60	60
RCI Brasil S.A. (Ex. Companhia de Arrendamento Mercantil RCI do Brasil)	Brazil	60	60
Companhia de Crédito [1]. Financiamento e Investimento RCI do Brasil	Brazil	- (1)	60
Administradora de Consorcio Renault do Brasil	Brazil	100	100
Corretora de Seguros RCI do Brasil	Brazil	100	100
Asia - Pacific			
RCI Financial Services Korea	South Korea	100	100
Africa – Middle East – India			
RCI Finance Maroc	Morocco	100	100
RDFM	Morocco	100	100
Eurasia			
RCI Broker De Asigurare	Romania	100	100
RCI Finantare Romania	Romania	100	100
RCI Leasing Romania IFN	Romania	100	100
LLC RN FINANCE RUS	Russia	100	100
AVTOVAZ [2]			
Europe			
LADA International Ltd	Cyprus	65	-
Alliance Rostec Auto B.V.	Netherlands	73 [2]	-
Eurasia			
JOJSC Minsk-Lada	Belarus	37	-
PJSC AVTOVAZ	Russia	65 [2]	-
JSC Avtosentr-Togliatti-VAZ	Russia	33	-
JSC Bryansk Lada	Russia	50	-
JSC Cheboksary-Lada	Russia	60	-
JSC ChitaServisLada	Russia	50	-
OJSC Izh-Lada	Russia	33	-
JSC JarLadaservis	Russia	61	-
JSC Kostroma-Lada-Servis	Russia	41	-
JSC Kursk-Lada	Russia	47	-
JSC Lada-Servis	Russia	65	-
JSC Lipetsk-Lada	Russia	43	-
JSC Oka-Lada	Russia	57	-
JSC Piter-Lada	Russia	59	-
JSC Samara-Lada	Russia	46	-
JSC Saransk-Lada	Russia	59	-
JSC Saratov-Lada	Russia	55	-
JSC Smolensk-Lada	Russia	39	-
JSC Tyumen-Lada	Russia	64	-
JSC Yakhroma-Lada	Russia	57	-
JSC ZAK	Russia	65	-
LLC LADA Sport	Russia	65	-

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
LLC LIN	Russia	65	-
LLC PPPO	Russia	65	-
LLC PSA VIS-AVTO	Russia	65	-
LLC Sockultbit-AVTOVAZ	Russia	65	-
LLC VMZ	Russia	65	-
UAG LLC	Russia	65	-
JSC Lada-Imidzh	Russia	65	-
JSC STO komsomolskaya	Russia	51	-
JSC Tsentralnaya STO	Russia	65	-
Other AVTOVAZ subsidiaries	Russia	65	-

B - Companies consolidated based on the percentage interest in each balance sheet and income statement item (joint operations)

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
AUTOMOTIVE			
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)(1)

Renault Group's interest (%)	Country	December 31, 2016	December 31, 2015
AUTOMOTIVE (EXCLUDING AVTOVAZ)			
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	43.7	43.7
Alliance Rostec Auto B.V.	Netherlands	- (2)	50
AVTOVAZ Group	Russia	- (2)	37.3
Motorlu Araclar Imal ve Satis A. S	Turkey	49	49
SALES FINANCING			
Renault Credit 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
AVTOVAZ(2)			
Ferro VAZ GmbH	Germany	33 (2)	-
ZAO GM-AVTOVAZ	Russia	33 (2)	-

(1) Subsidiaries absorbed in 2016 by fully consolidated companies.

(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).

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 or jointly by Renault, included in non-current financial assets (note 22),
  - investments in companies that are controlled exclusively or jointly by Renault and not consolidated, classified as other current assets (note 17).

This information is available from the Group's website, on the "Documents & Presentations" section of the "Finance" pages [1].

(1) As of 2016 Registration document's availability.

4.3 Statutory auditors' report on the financial statements

4.3.1 Statutory auditors' report on the financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken of outside of the financial statements.

This report also includes information relating to the specific verification of information given in the Group's management report and in the documents addressed to the 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, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Renault;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the 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, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French company law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter.

As disclosed in note 2.1 to the financial statements and in accordance with the recommendation n°34 of the French national accounting body *(Conseil National de la Comptabilité)*, your company has elected to use the equity method to value its investments in subsidiaries over which it exercises exclusive control. The equity value of these investments is determined in accordance with the accounting rules and methods used to draw up the financial statements of the Group. Our assessment of this equity value is based on the result of the procedures performed to audit the consolidated financial statements of the Renault Group for the 2016 fiscal year.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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 documents addressed to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French company law *(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 companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, the crossholdings and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris La Défense, February 14, 2017

The statutory auditors

French original signed by

KPMG Audit
A department of KPMG S.A.

ERNST & YOUNG Audit

4.3.2 Statutory auditors' report on related party agreements and commitments

Annual General Meeting held to approve the financial statements for the year ended 31 December 2016.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby 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 grounds justifying how they advantage the Company. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with in Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Annual General Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (C*ompagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

A) Whose implementation continued during the year

In accordance with article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year.

1 With Nissan Motor Co. Ltd

Persons concerned

Mr. Carlos Ghosn, Chairman and CEO of your Company, of Nissan Motor Co. Ltd. and Chairman of Renault-Nissan B.V.; Ms. Yu Serizawa, member of your Company's Board and representative of Nissan since December 12, 2016; Mr. Yasuhiro Yamauchi, member of your Company's Board since February 9, 2017 and Chief Competitive Officer of Nissan Motor Co. Ltd.

"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.

"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 the structures the Alliance's current method of governance. This agreement notably specifies the operational terms and 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 arrangements 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".

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 your Company 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.

The other provisions of the "Restated Alliance Master Agreement" continued in the year ended 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 capping 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 cap 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 the cap with the registrar of your Company's Annual General Meeting.

The capping of the 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 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 capital to the advantage of salaried employees and corporate officer executives 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 corporate officer executives and (ii) a transfer of registered office (unless abroad).

The capping 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 exceeding 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 by successive periods of ten years unless it is terminated at least two years before the end of the period.

This agreement is applicable as from its date of signature.

B) Without implementation during the year

In addition, we have been advised of the pursuance during the year of the following agreements and commitments which were already approved by the Annual General Meeting, which were not implemented during the year.

With Mr. Carlos Ghosn, Chairman and CEO of your Company

Additional pension scheme

Nature and purpose

During its meetings held on October 28, 2004 and October 31, 2006, your Board of Directors authorized the agreement the purpose of which was to set up an additional collective pension scheme in favor of the senior executives, including Mr. Carlos Ghosn.

Conditions

On February 12, 2014, your Board of Directors confirmed the benefit of this pension scheme to the advantage of Mr. Carlos Ghosn, under the same conditions as previously.

Non-competition agreement

Nature and purpose

In its meeting held on February 11, 2015, your Board of Directors authorized the signature of a non-competition 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 the duties and recognized competencies of Mr. Carlos Ghosn, (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, and concluded on the necessity to protect the legitimate interests of the group by introducing this non-competition clause.

Conditions

In return for his non-competition 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-competition agreement, and may unilaterally waive the application of this clause.

Paris-La Défense, March 29, 2017

The Statutory Auditors

French original signed by

KPMG Audit	ERNST & YOUNG Audit
A department of KPMG S.A.	

4.4 Renault SA – Annual financial statements At December 31, 2016

4.4.1 Income statement

(€million)	2016	2015
Operating expenses	(23)	(21)
Increases to provisions	(24)	(23)
NET OPERATING EXPENSE	**(47)**	**(44)**
Investment income	943	790
Increases to provisions related to investments	(30)	4
INVESTMENT INCOME AND EXPENSES (NOTE 4.4.2.2)	913	794
Foreign exchange gains	10	65
Foreign exchange losses	(20)	(24)
Reversals from provisions for exchange risks	(63)	(45)
FOREIGN EXCHANGE GAINS AND LOSSES (NOTE 4.4.2.3)	(73)	(4)
Interest and equivalent income	4	8
Interest and equivalent expenses	(213)	(253)
Reversals of provisions and transfers of charges	10	9
Expenses on sales of marketable securities	(4)	(4)
Depreciation and provisions	(4)	(3)
OTHER FINANCIAL INCOME AND EXPENSES (NOTE 4.4.2.4)	**(207)**	**(243)**
NET FINANCIAL INCOME	**633**	**547**
PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS	**586**	**503**
EXTRAORDINARY RESULTS	**715**	**0**
INCOME TAX (NOTE 4.4.2.5)	**81**	**160**
NET INCOME	**1,382**	**663**

BALANCE SHEET

ASSETS (€ million)	2016 Gross	2016 Depreciation, amortisation & provisions	2016 Net	2015 Net
Investments stated at equity	9,751	0	9,751	7,349
Other investments (note 4.4.2.6)	7,095	30	7,065	7,500
Advances to subsidiaries and affiliates (note 4.4.2.7)	11,381	4	11,377	11,400
FINANCIAL ASSETS	**28,227**	**34**	**28,193**	**26,249**
TOTAL FIXED ASSETS	**28,227**	**34**	**28,193**	**26,249**
RECEIVABLES (NOTE 4.4.2.9)	**675**	**1**	**674**	**511**
MARKETABLE SECURITIES (NOTE 4.4.2.8)	**307**	**1**	**306**	**208**
CASH AND CASH EQUIVALENTS	**33**	0	**33**	**163**
OTHER ASSETS (NOTE 4.4.2.9)	**143**	0	**143**	**126**
TOTAL ASSETS	**29,385**	**36**	**29,349**	**27,257**

SHAREHOLDERS EQUITY AND LIABILITIEs (€ million)	2016	2015
Share capital	1,127	1,127
Share premium	4,782	4,782
Equity valuation difference	3,935	1,533
Legal and tax basis reserves	113	113
Retained earnings	7,691	7,729
Net income	1,382	663
SHAREHOLDERS' EQUITY (NOTE 4.4.2.10)	**19,030**	**15,947**
REDEEMABLE SHARES (NOTE 4.4.2.11)	**130**	**129**
PROVISIONS FOR RISKS AND LIABILITIES (NOTE 4.4.2.12)	**403**	**233**
Bonds	4,646	5,596
Borrowings from credit institutions	612	991
Other loans and financial debts	3,798	3,632
FINANCIAL LOANS AND BORROWINGS (NOTE 4.4.2.13)	**9,056**	**10,219**
OTHER LIABILITIES (NOTE 4.4.2.14)	**681**	**664**
DEFERRED INCOME (NOTE 4.4.2.15)	**49**	**65**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,349**	**27,257**

STATEMENT OF CHANGES IN CASH

(€ million)	2016	2015
Cash flow (note 4.4.2.19)	871	823
Change in working capital requirements	(155)	(137)
CASH FLOW FROM OPERATING ACTIVITIES	**716**	**686**
Net decrease / (increase) in other investments	1,119	0
Net decrease / (increase) in loans	32	78
Net decrease / (increase) in marketable securities	(98)	(99)
CASH FLOW FROM INVESTING ACTIVITIES	**1,053**	**(21)**
Bond issues	512	584
Bond redemptions	(1,490)	(1,404)
Net increase / (decrease) in other interest-bearing borrowings	(206)	829
Dividends paid to shareholders	(701)	(554)
Bond issuance expenses and redemption premiums	(1)	(1)
CASH FLOW FROM FINANCING ACTIVITIES	**(1,887)**	**(546)**
CASH AND CASH EQUIVALENTS: OPENING BALANCE	**152**	**33**
Increase / (decrease) in cash and cash equivalents	(119)	119
CASH AND CASH EQUIVALENTS: CLOSING BALANCE	**33**	**152**

4.4.2 Notes to the financial statements

SIGNIFICANT EVENTS OF 2016

The fiscal year ended December 31, 2016 lasted 12 months.

The balance sheet total for the year before allocation of net income is €29,349 million.

The net accounting result is a profit of €1,382 million.

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 remained at 43.40%.

4.4.2.1 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 following methods were applied in valuing balance sheet and income statement items:

A - INVESTMENTS

As allowed by CNC (Conseil National de la Comptabilité) avis 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 an income 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 SAare 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 recognised 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 exercice 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 amortised 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 unrealised exchange losses is established after determining an overall foreign exchange position for each currency (including derivatives).

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 not designated as hedges are adjusted to fair value at each closing date. Any resulting unrealised loss is recognised in the income statement, while unrealised gains are not recognised 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 recognised in the balance sheet.

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.

4.4.2.2 INVESTMENT INCOME AND EXPENSES

Details are as follows:

(€ million)	2016	2015
Dividends received from Nissan Motor Co Ltd	728	547
Dividends received from Daimler	53	40
Other dividends received	94	75
Interest on loans	68	128
Increases to provisions related to subsidiaries and affiliates	(30)	4
TOTAL	**913**	**794**

All interest on loans concerns Group subsidiaries.

4.4.2.3 FOREIGN EXCHANGE GAINS AND LOSSES

The net foreign exchange loss is chiefly attributable to operations undertaken by Renault SA. Since these operations are not classified as part of the hedge of the net assets of Nissan in Renault SA's individual financial statements, they are included in financial income and expenses in the income statement.

Foreign exchange gains and losses in 2016 amount to -€74 million (-€4 million in 2015), and comprise the following:

- a foreign exchange gain of €5 million on redemption of the bond issued on April 4, 2013 (nominal value ¥7 billion);
- a foreign exchange gain of €1 million on treasury notes (mainly in USD and GBP);
- a foreign exchange loss of €8 million on redemption of the bond issued on October 30, 2013 (nominal value ¥7 billion);
- a foreign exchange loss of €6 million on redemption of a swap related to the bond issued on June 6, 2014 (nominal value ¥75 billion), negotiated at a different date;
- a foreign exchange loss of €2 million on redemption of the swap related to the bond issued on April 11, 2013 (nominal value 750 million Renminbi Yuan);
- a provision for foreign exchange losses of €64 million.

4.4.2.4 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses generated a net loss of €207 million in 2016 (compared to a loss of €243 million in 2015) and mainly comprise net interest payments of €213 million on Renault borrowings after swaps and €4 million of income relating to receivables.

Details of interest paid and other similar expenses are as follows:

(€ million)	2016	2015
Net accrued interest after *swaps* on bonds*	(147)	(186)
Net accrued interest after *swaps* on borrowings from credit institutions	(14)	(22)
Accrued interest on termination of borrowings from subsidiaries	(7)	0
Accrued interest on redeemable shares	(18)	(17)
Other financial expenses	(3)	(2)
Other (treasury notes and brokers commissions)	(24)	(26)
TOTAL	**(213)**	**(253)**

* *The net interest on bonds comprises accrued and paid interest amounting to €170 million (€246 million in 2015), and accrued and received interest on swaps amounting to €23 million (€60 million in 2015).*

In 2016, the €147 million of interest received and paid mainly comprise:

- €39 million on the bond issued on September 18, 2012 and December 5, 2012;
- €33 million on the bond issued on September 19, 2013;
- €28 million on the bond issued on March 22, 2010;
- €15 million on the bond issued on March 5, 2014;
- €9 million on the bond issued on May 25, 2011;
- €8 million on the bond issued on June 06, 2014.

The net interest receivable on the swapped portion of bonds and borrowings from credit institutions amounted to €6 million: €33 million on the paying leg and €27 million on the receiving leg.

4.4.2.5 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 Company 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. The parent company is not obliged to reimburse the subsidiaries for the tax savings resulting from utilisation of their tax losses when the subsidiaries return to profit or leave the tax consolidated Group.

The maximum allowable amount of losses carried forward against taxable income is €1 million plus 50% of the taxable income above that amount.

This rule is 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.

These rules on tax loss carryforwards apply to all losses existing at the year-end, whatever their origin.

In practice, although these rules have an impact on determination of certain subsidiaries' taxable income, they have no immediate impact on the taxable income of the Group as a whole, which has become profitable again in 2016, with net income amounting to €461 million (a €577 million increase from 2015).

Article 15 of the rectified French Finance Law for 2014 postponed the cancellation of the 10.7% exceptional contribution on the corporate income tax payable. This measure is applicable for financial years ending until December 30, 2016. 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 2016 was €67 million, corresponding to the income tax paid by the subsidiaries of Renault SA as if they were taxed separately.

Details of the tax charge related to the year are as follows:

		Taxes					Net income	
(€ million)	Pre-tax income	Theoretical	Netting	Credit generated	Tax credit	Net tax due	Theoretical	As booked
Current income subject to normal rate	586						586	586
Extraordinary result	715						715	715
Tax consolidation						67		67
Impairment						2		2
Other						12		12
TOTAL	**1,301**	0	0	0	0	**81**	**1,301**	**1,382**

Details of Renault SA's deferred tax position are as follows:

	2016		2015		Variation	
	Assets(1)	Liabilities(2)	Assets(1)	Liabilities(2)	Assets(1)	Liabilities(2)
Temporarily non-deductible expenses						
Provisions for risks and liabilities	61		62		(1)	
Temporarily non-taxable income		**20**		**44**		**(24)**
Expenses deducted (or taxed income)						
not yet recognised for accounting purposes	**7**	**43**	**20**	**36**	**(13)**	**7**
TOTAL	**68**	**63**	**82**	**80**	**(14)**	**(17)**

(1) i.e. future tax credit.
(2) i.e. future tax charge.

4.4.2.6 OTHER INVESTMENTS

Changes during the year were as follows:

(€ million)	As start of year	Change over the year	At year-end
Investment in Nissan Motor Co. Ltd.	6,622	(405)	6,217
Investment in RNBV	11	0	11
Investment in Daimler	584	0	584
Other investments	283	0	283
TOTAL BEFORE PROVISIONS	**7,500**	**(405)**	**7,095**
Impairment	0	(30)	(30)
TOTAL, NET	**7,500**	**(435)**	**7,065**

The change in 2016 in Renault SA's investment in Nissan Motor reflects Nissan's share repurchase program and has no impact on Renault SA's percentage of control (remains at 43.40%).

The impairment recognised relates to Dongfeng Renault Automotive Company.

4.4.2.7 ADVANCES TO SUBSIDIARIES AND AFFILIATES

Changes during the year were as follows:

(€ million)	At start of year	Increases	Decreases	At year-end
Dividends receivable	2	16	(6)	11
Loans	11,402	2,325	(2,358)	11,370
TOTAL BEFORE PROVISIONS*	**11,404**	**2,341**	**(2,364)**	**11,381**
Impairment	(4)	(2)	2	(4)
TOTAL, NET	**11,400**	**2,338**	**(2,362)**	**11,377**
* *Current portion (less than one year)*	11,375			11,358
Long-term portion (over 1 year)	29			23

Loans include:

- €7,584 million in short-term investments with Renault Finance (€6,845 million in 2015);
- €12 million in long-term loans to Renault s.a.s. (€18 million in 2015);
- €3,774 million in current accounts resulting from centralised cash management agreements with Group subsidiaries (€4,532 million in 2015).

All loans relate to Group subsidiaries.

4.4.2.8 MARKETABLE SECURITIES

Marketable securities include €306 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	3,573,737	363,068	1,438,876			4,649,545
Shares allocated	207	(14)	112	(2)		303
Shares not allocated	1	0	0	2		3
GROSS VALUE (€ million)	**208**	**(14)**	**112**	**0**		**306**
IMPAIRMENT (€ million)						
TOTAL	**208**	**(14)**	**112**	**0**		**306**

4.4.2.9 RECEIVABLES AND OTHER ASSETS

Receivables mainly comprise:

- an unbilled receivable of €245 million for performance shares (€152 million in 2015), under the reinvoicing agreement between Renault SA and Renault s.a.s. introduced in 2012;
- tax receivables:

(€ million)	At start of year	Increases	Decreases	At year-end
RECEIVABLES TAX				
Deposit: Income tax	7	0	(7)	0
CIR: Research tax credit	284	142	(67)	359
CICE: Competitive employment tax credit	51	50	(50)	51
Other tax receivables	22	14	(17)	19
TOTAL BEFORE PROVISIONS*	**364**	**206**	**(141)**	**429**
IMPAIRMENT				
CIR: Research tax credit	(4)	4	(1)	(1)
CICE: Competitive employment tax credit	(1)	1	0	0
	(5)	**5**	**(1)**	**(1)**
TOTAL NET	**359**	**211**	**(142)**	**428**
* *Current portion (less than one year)*	14			62
Long-term portion (over one year)	350			367

The increases mainly concern the Research Tax Credit (€142 million) and the Competitive Employment Tax Credit (€50 million).

The decreases principally result from the use of a €67 million Research Tax Credit to pay income tax instalment and the assignment of €50 million of the 2015 CICE tax credit receivable.

(€ million)	At start of year	Increases	Decreases	At year-end
OTHER ASSETS				
Deferred charges	16	1	(5)	12
Redemption premiums	3	0	(2)	1
Unrealized losses	107	129	(107)	129
TOTAL*	**126**	**130**	**(114)**	**142**
* *Current portion (less than one year)*	107			129
Long-term portion (over one year)	19			13

The major components of Other Assets are:

- deferred charges consisting of final payments and issuance expenses on various loans;
- redemption premiums on several long-term bonds (5 to 7 years);
- translation adjustments resulting from unrealised foreign exchange losses, covered by provisions, on bonds swapped to yen.

4.4.2.10 SHAREHOLDERS' EQUITY

Changes in shareholders' equity were as follows:

(€ million)	Balance at start of year	Allocation of 2015 net income	Dividends	2016 net income	Other	Balance at year-end
Share capital	1,127					1,127
Share premium	4,782					4,782
Equity valuation difference	1,533				2,402	3,935
Legal and tax basis reserves	113					113
Retained earnings	7,729	663	(701)			7,691
Net incomes	663	(663)		1,382		1,382
TOTAL	**15,947**	**(0)**	**(701)**	**1,382**	**2,402**	**19,030**

Non-distributable reserves amounted to €4,048 million at December 31, 2016.

Renault SA's ownership structure was as follows at December 31, 2016:

	Ownership structure		Voting rights	
	Number of shares held	% of du capital	Number	%
French State	58,387,915	19.75%	102,775,830	33.95%
Employees	9,288,592	3.14%	18,399,694	6.08%
Treasury shares	4,649,545	1.57%		
Nissan	44,358,343	15.00%		
Daimler AG	9,167,391	3.10%	9,167,391	3.03%
Others	169,870,498	57.44%	172,343,032	56.94%
TOTAL	**295,722,284**	**100%**	**302,685,947**	**100%**

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 prices and exercise periods specific to each plan. Until 2012, it also periodically granted stock-options, each with their own vesting and required holding 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 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 performance-related remuneration for a given year would be converted into shares that will vest subject to conditions of performance and continued employment at Renault starting 2013 and only to conditions of continued employment starting 2016.

A - CHANGES IN THE NUMBER OF STOCK-OPTIONS AND PERFORMANCE SHARE RIGHTS HELD BY PERSONNEL

	Stock-options			
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Share rights
OPTIONS OUTSTANDING AND RIGHTS NOT YET VESTED AT JANUARY 1, 2016	**716,792**	**37**	**-**	**2,831,250**
Granted	-	-	-	1,474,529
Options exercised or vested rights	(286,743)[(1)]	-	50[(2)]	(76,321)[(3)]
Options and rights expired and other adjustments	-	-	-	(64,161)
OPTIONS OUTSTANDING AND RIGHTS NOT YET VESTED AT DECEMBER 31, 2016	**430,049**	**37**	**-**	**4,165,297**

(1) Stock-options exercised in 2016 were granted under plans 18 and 19 in 2011 and plan 20 in 2012.
(2) Price at which the shares were acquired by the Group to cover future options.
(3) Performance shares vested were mainly awarded under plan 20 bis in 2012.

B - STOCK-OPTIONS

For plans current in 2016, options granted 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, 2016	Exercise period
Plan 18	Stock purchase options	April 29, 2011	38.80	175,574	April 30, 2015 – April 28, 2019
Plan 19	Stock purchase options	December 8, 2011	26.87	51,930	December 9, 2015 – December 7, 2019
Plan 20	Stock purchase options	December 13, 2012	37.43	202,545	December 13, 2016 – December 12, 2020
TOTAL				430,049	

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 performance shares awarded to French tax residents is 3 years followed by a minimum holding period of 2 years reduced to 1 one year for the plan 23 due to new regulation.

For non-French tax residents, the vesting period is 4 years and there is no minimum holding period.

Plan	Unit fair value	Type of plan	Grant date	Share rights awarded at December 31, 2016	Vesting date	Holding period
Plan 20 bis	36.38	Performance shares	December 13, 2012	-	December 13, 2016 [(1)]	None
Plan 21[(2)]	53.69 54.97	Performance shares	February 12, 2014	972,605 313,641	February 12, 2017 February 12, 2018	February 12, 2017 – February 12, 2019 None
Plan 22[(2)]	66.51 65.19	Performance shares	February 11, 2015	1,042,420 374,391	February 11, 2018 February 11, 2019	February 11, 2018 – February 11, 2020 None
Plan 23[(2)]	66.38 65.72	Performance shares	April 29, 2016	1,007,200 355,040	April 29, 2019 April 29, 2020	April 29, 2019 – April 29, 2020 None
Plan 23 bis	65.34	Performance shares	July 27, 2016	100,000	July 27, 2020	None
TOTAL				4 165 297		

(1) The performance shares concerned by these plans were issued to beneficiaries in 2015.
(2) These figures include shares awarded as part of the Chairman and CEO's performance-related remuneration.

4.4.2.11 REDEEMABLE SHARES

These shares, issued in October 1983 and April 1984 by Renault SA, 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, 2016, 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 €543.90 at December 31, 2016 (€539.95 at December 31, 2015).

The 2016 return on redeemable shares, amounting to €18 million (€17 million in 2015) is included in interest and equivalent expenses.

4.4.2.12 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	45	109	(45)	109
Provisions for expenses*	182	115	(7)	290
Other provisions for risks	6	0	(2)	4
TOTAL	**233**	**224**	**(54)**	**403**
Current (less than 1 year)	44			109
Long-term (over 1 year)	188			294

* *A provision of €290 million was booked at December 31, 2016 (€182 million at December 31, 2015) after it was decided to allocate free shares. Under a reinvoicing agreement introduced between Renault SA and Renault s.a.s., a €245 million share of this provision is considered as an unbilled receivable on the subsidiary Renault s.a.s (€152 million in 2015).*

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.

4.4.2.13 FINANCIAL LOANS AND BORROWINGS

A - BONDS

Bonds amounted to €4,646 million at December 31, 2016 (€5,596 million at December 31, 2015).

The principal changes in bonds over 2016 were as follows:

- issuance on March 29, 2016 of a 3-year bond with total nominal value of ¥10 billion, at the floating rate of Libor JPY 6M+85 bp (swapped to the fixed rate of 0.7825%);
- issuance on September 23, 2016 of a 3-year bond with total nominal value of ¥50 billion, at the fixed rate of 0.23%;
- redemption of a 3-year bond issued on April 04, 2013 with total nominal value of ¥7 billion at the fixed of 2.15%;
- redemption of a 3-year bond issued on April 11, 2013 with total nominal value of 750 million renminbis at the fixed rate of 4.65% (swapped to Euros at the fixed rate of 1.945%);
- redemption of a 5-year bond issued on May 25, 2011 with total nominal value of €500 million at the fixed rate of 4.625% (swapped to Euros at the floating rate Euribor 3M+300bp);
- redemption of a 4-year bond issued on March 19, 2012 with total nominal value of €250 million at the fixed rate of 4.625% (swapped to Euros at the floating rate Euribor 3M+300bp);
- redemption of a 2-year bond issued on June 6, 2014 with total nominal value of ¥75 billion at the fixed rate of 1.09% (swapped to Euros at the fixed rate of 1.4635%);
- redemption of a 3-year bond issued on October 30, 2013 with total nominal value of ¥7 billion at the fixed of 1.78%.

BREAKDOWN BY MATURITY

	December 31, 2016						
(€ million)	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					
TOTAL	**4,646**	**2,143**	**1,460**	**543**	**0**	**500**	**0**

	December 31, 2015						
(€ million)	Total	- 1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	+ 5 yrs
Nominal value	5,536	1,496	2,053	1,434	53	0	500
Accrued interest	60	60					
TOTAL	**5,596**	**1,556**	**2,053**	**1,434**	**53**	**0**	**500**

BREAKDOWN BY CURRENCY

	December 31, 2016		December 31, 2015	
(€ million)	before derivatives	after derivatives	before derivatives	after derivatives
Euro	2,814	2,963	3,567	4,356
Yen	1,763	1,614	1,861	1,169
Cny	69	69	168	71
TOTAL	**4,646**	**4,646**	**5,596**	**5,596**

BREAKDOWN BY INTEREST RATE TYPE

	December 31, 2016	December 31, 2015
(€ million)	before derivatives	after derivatives
Fixed Rate	4,170	4,713
Floating Rate	476	883
TOTAL	**4,646**	**5,596**

B - BORROWINGS FROM CREDIT INSTITUTIONS

Borrowings from credit institutions stood at €612 million at December 31, 2016 (€991 million at December 31, 2015) and are mainly contracted on the market.

The principal changes in bonds over 2016 were as follows:

- redemption on January 15, 2016 of a 4-year bond with total nominal value of €180 million at the fixed rate of 3.525% (swapped to the floating rate of Euribor 6 M+ 2.066%);
- partial redemption on May 30, 2016 of a 6-year bond with nominal value of €73 million (initial nominal value of €300 million at the fixed rate of 2.156% swapped to the floating rate of Eonia + 171.5833 bp), the nominal remaining amount at 31/12/2016 is €227 million;
- partial redemption on November 30, 2016 of a 3-year bond with total nominal value of €100 million at the at the fixed rate of 1.864% (swapped to the floating rate of Eonia + 164.20 bp).

BREAKDOWN BY MATURITY

	December 31, 2016						
(€ million)	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					
TOTAL	**612**	**217**	**217**	**83**	**95**	**0**	**0**

	December 31, 2015						
(€ million)	Total	- 1 yr	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	+ 5 yrs
Nominal value	981	375	211	217	83	95	0
ACCRUED INTEREST	**10**	**10**					
TOTAL	**991**	**385**	**211**	**217**	**83**	**95**	**0**

BREAKDOWN BY CURRENCY

(€ million)	December 31, 2016 before derivatives	December 31, 2016 after derivatives	December 31, 2015 before derivatives	December 31, 2015 after derivatives
Euro	612	612	991	991
Other currencies				
TOTAL	**612**	**612**	**991**	**991**

BREAKDOWN BY INTEREST RATE TYPE

(€ million)	December 31, 2016 before derivatives	December 31, 2015 after derivatives
Fixed Rate	113	126
Floating Rate	499	865
TOTAL	**612**	**991**

C - OTHER LOANS AND FINANCIAL DEBTS

Other loans and financial debts amounted to €3,798 million at December 31, 2016 (€3,632 million in 2015), and principally comprise:

- borrowings from Group subsidiaries with surplus cash;
- treasury notes amounting to €554 million.

No loans or financial debts are secured or have a duration below 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 centralised 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 4.4.2.17.A).

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.

4.4.2.14 OTHER LIABILITIES

Changes in other liabilities were as follows:

(€ million)	At start of year	Variation	At year-end
Tax liabilities	657	18	675
Liabilities related to other assets	5	0	5
Other liabilities	2	-1	1
TOTAL*	**664**	**17**	**681**
* *Current portion (less than one year)*	664		681
Long-term portion (over one year)	0		0

The variation in tax liabilities is mainly due to a €13 million increase in the subsidiaries' tax liability.

4.4.2.15 DEFERRED INCOME

Deferred income mainly comprises unrealised foreign exchange gains on borrowings issued in yen or swapped to yen, totalling €46 million.

4.4.2.16 INFORMATION CONCERNING RELATED COMPANIES

"Related companies" are all entities consolidated in the Group's financial statements, regardless of the consolidation method applied. Transactions with related companies are concluded under normal market conditions.

INCOME STATEMENT

	2016		2015	
(€ million)	Total	Related companies	Total	Related companies
Interest on loans	68	66	128	126
Interest and equivalent expenses	(213)	(1)	(253)	19
Provisions	(263)	(32)	(169)	
Reversals of provisions and transfers of charges	152		111	

BALANCE SHEET

	2016		2015	
(€ million)	Total	Related companies	Total	Related companies
Loans	11,370	11,333	11,402	9,020
Receivables	674	245	516	152
Cash and cash equivalents	34		163	
Borrowings from credit institutions	612		991	
Loans and financial debts	3,798	3,227	3,632	3,039
Other liabilities	681	677	664	662

4.4.2.17 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)	2016	2016
FOREIGN EXCHANGE RISK:		
CURRENCY SWAPS		
Purchases	148	788
With Renault Finance	*148*	*788*
Sales	162	831
With Renault Finance	*162*	*831*
OTHER FORWARD EXCHANGE CONTRACTS AND OPTIONS		
Purchases	459	279
With Renault Finance	*459*	*279*
Sales	481	276
With Renault Finance	*481*	*276*
INTEREST RATE RISK:		
INTEREST RATE SWAPS	**550**	**1,587**
With Renault Finance	550	1,587

Currency risk

Transactions undertaken to manage exchange rate exposure principally comprise currency swaps and forward currency operations to hedge financing contracted in foreign currencies, apart from 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 fair values of Renault SA's financial instruments are as follows:

At December 31 (€ million)	2016 Balance sheet Value	2016 Fair value	2015 Balance sheet Value	2015 Fair value
ASSETS				
Marketable securities, gross[1]	307	393	209	331
Loans	11,370	11,382	11,402	11,426
Cash and cash equivalents	33	33	163	163
LIABILITIES				
Redeemable shares	130	434	129	431
Bonds	4,646	4,811	5,596	5,865
Other interest-bearing borrowings[2]	4,410	4,429	4,623	4,665

(1) Including treasury shares.
(2) Excluding redeemable shares.

C – ESTIMATED FAIR VALUE OF OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

At December 31 (€ million)	2016 Assets	2016 Liabilities	2015 Assets	2015 Liabilities
Forward exchange rate	3	(25)	3	(1)
with Renault Finance	*3*	*(25)*	*3*	*(1)*
Currency swaps	14	0	43	0
with Renault Finance	*14*	*0*	*43*	*0*
Interest rate swaps	6	(7)	36	(4)
with Renault Finance	*6*	*(7)*	*36*	*(4)*

Assumptions and methods adopted

Estimated fair values are based on information available on the markets and appropriate valuation methods of evaluation 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 recognised 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, 2016 and December 31, 2015 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, 2016 and December 31, 2015 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 on December 31, 2016 and December 31, 2015 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. Unrealised capital gains or losses, determined on the basis of prevailing interest rates for each contract, are taken into account at December 31, 2016 and December 31, 2015.

4.4.2.18 OTHER COMMITMENTS AND CONTINGENCIES

Off-balance-sheet commitments are as follows:

	2016		2015	
(€ million)	Total	Concerning related companies	Total	Concerning related companies
COMMITMENTS RECEIVED				
unused credit lines	3,305		3,305	
Total	3,305		3,305	
COMMITMENTS GIVEN				
GUARANTEES AND DEPOSITS	646	631	646	631
unused opened credit lines	650	650	540	540
TOTAL	**1,296**	**1,281**	**1,186**	**1,171**

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.

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 above (note 4.4.2.17.A "Management of exchange and interest rate risk").

4.4.2.19 CASH FLOW

Cash flow is determined as follows:

(€ million)	2016	2015
Net income	1,382	663
Increases to provisions and deferred charges	7	8
Net increase to provisions for risks and liabilities	170	154
Net increases to impairment	26	(2)
Net Profit on assets sold	(715)	0
TOTAL	**871**	**823**

4.4.2.20 WORKFORCE

Renault SA has no employees.

4.4.2.21 DIRECTORS' FEES

Directors' fees amounted to €1,068,342 in 2016 (€1,155,300 paid for 2015), of which €48,000 were for the function of Chairman (€48,000 in 2015).

4.4.2.22 SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

4.4.2.23 SUBSIDIARIES AND AFFILIATES

SUBSIDIARIES AND AFFILIATES

Companies	share capital	Reserves and retained earnings	% of capital held	Book value of shares owned
INVESTMENTS				
Renault s.a.s.	534	2,676	100.00%	8,913
Dacia[1]	560	197	99.43%	815
Dongfeng Renault Automotive Company[2]	643	(51)	50.00%	282
Nissan[3]	11,532	24,281	43.40%	6,217
Sofasa[4]	1	18	27.66%	24
TOTAL INVESTMENTS				**16,251**

(1) The exchange rate used for Dacia is 4.5390 Romanian lei = 1 euro.
(2) The exchange rate used for DRAC is 7.3202 Renminbi Yuan = 1 euro.
(3) The exchange rate used for Nissan is 123.40 Yen = 1 euro.
(4) The exchange rate used for Sofasa is 3,165.00 Colombian pesos = 1 euro.

Companies	Oustanding loans and advances from Renault SA	Sales revenues excluding taxes 2016	Net income (loss), prior year	Dividends received by Renault SA in 2016
INVESTMENTS				
Renault s.a.s.		39,426	1,689	0
Dacia[5]		4,624	101	79
Dongfeng Renault Automotive Company[6]		1	(91)	0
Nissan[7]		95,677	3,932	728
Sofasa[8]		862	53	0

(5) The average exchange rate used for Dacia is 4.4907 Romanian lei = 1 euro.
(6) The average exchange rate used for DRAC is 7.3495 Renminbi Yuan = 1 euro.
(7) The average exchange rate used for Nissan is 120.3137 Yen = 1 euro.
(8) The average exchange rate used for Sofasa is 3,375.5456 Colombian pesos = 1 euro.

PARTICIPATIONS BY EQUIVALENCE

The value of Renault s.a.s. shares estimated by equivalence increased by €2,402 million in 2016 due to:

- the performance improvement of Renault s.a.s. and its subsidiaries;
- the booking of operations related to the AVTOVAZ group takeover (impacts are detailed in the Groupe Renault's Registration document).

ACQUISITION OF INVESTMENTS

See note 4.4.2.6.

4.4.2.24 FIVE-YEAR FINANCIAL HIGHLIGHTS

FIVE-YEAR FINANCIAL HIGHLIGHTS

(€ million)	2012	2013	2014	2015	2016
YEAR-END FINANCIAL POSITION					
Share capital	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
OVERALL INCOME FROM OPERATIONS					
Income before tax, amortisation, depreciation and provisions(1)	288	1,429	498	564	1,404
Income tax	135	189	95	160	81
Income after tax, amortisation, depreciation and provisions	574	1,664	684	663	1,382
Dividends paid	502	504	554	701	0
Earnings per share (€)					
EARNINGS BEFORE TAX, AMORTISATION, DEPRECIATION AND provisions(1)	0.97	4.83	1.68	1.91	4.75
Earnings after tax, amortisation, depreciation and provisions	1.94	5.63	2.31	2.24	4.67
Basic and diluted earnings per share(2)	2.11	6.07	2.50	2.42	5.04
Dilutive potential effect	0.17	0.44	0.18	0.17	0.37
Net dividend	1.72	1.72	1.90	2.40	
EMPLOYEES(3)					

(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 SANDERO II (B52) - Phase 2

CHANGE IN RENAULT SHARE PRICE
OVER THE PAST FIVE YEARS
+215%

Renault and its shareholders

05

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 By-laws).

Further details of the Company's corporate purpose are provided in Article 3 of the By-laws, available at www.groupe.renault.com.

5.1.1.5 REGISTRATION NUMBER WITH THE REGISTRAR OF COMPANIES

441 639 465 RCS Nanterre (APE code 6420Z).

Siret code for the head office: 441.639.465.00018.

5.1.1.6 ACCESS TO LEGAL DOCUMENTS

Legal documents such as the By-laws, 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 FISCAL YEAR ♦

The Company's fiscal year runs for 12 months from January 1 to December 31.

♦ *GRI [G4-3, G4-5, G4-7, G4-28, G4-30]*

5.1.2 Special provisions of the by-laws

5.1.2.1 APPROPRIATION OF NET INCOME

Net income is appropriated 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. Starting from January 1, 2015, 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, pursuant to Article L. 228-1 of the French Commercial Code. The registration must be made by midnight (zero hours) Paris time on the second working day before the Annual General Meeting, either in the registered share account held for the Company by its agent or the bearer share accounts held by an authorized intermediary in accordance with Article L. 211-3 of the French Commercial Code. The registration of bearer shares in the share records held by the authorized intermediary is evidenced by an attendance 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.

Shares entitle the holder to vote, within the limits of French regulations.

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 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, insofar 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 Capital and voting rights

As at December 31, 2016, the share capital amounts 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. Since April 3, 2016, double voting rights are automatically attached to all fully paid-up shares which have been held in registered form under the name of the same shareholder for at least two years. (For further information, see section 5.2.6.2 below).

The theoretical number of voting rights is 396,052,178.

In view of the 4,649,545 Treasury shares and the 44,358,343 shares held by Nissan Finance Co., Ltd., all of which are deprived of voting rights, the total number of exercisable voting rights as at December 31, 2016 was 302,685,947.

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

		Resulting capital	
Date	**Transactions**	In €	**No. of shares***
01/2001	Conversion of share capital to euro	913,632,540.27	239,798,567
12/2001	Capital increase reserved for employees: issue of 2,397,983 shares at a par value of €3.81	922,768,855.50	242,196,550
03/2002	Capital increase reserved for Nissan Finance Co., Ltd.: issue, at a price of €50.39 of 37,799,462 shares with a par value of €3.81	1,066,784,805.72	279,996,012
05/2002	Capital increase reserved for Nissan Finance Co., Ltd.: issue, at a price of €52.91 of 4,941,106 shares with a par value of €3.81	1,085,610,419.58	284,937,118
04/28/2010	Capital increase reserved for Nissan Finance Co., Ltd.: issue, at a price of €37 of 1,617,775 shares with a par value of €3.81	1,091,774,142.33	286,554,893
04/28/2010	Capital increase reserved for Daimler AG.: issue, at a price of €37 of 9,167,391 shares with a par value of €3.81	1,126,701,902.04	295,722,284

Note: No changes in the share capital in FY 2000, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2011, 2012, 2013, 2014, 2015 and 2016.
** Shares at €3.81*

5.2.4 Unissued authorized capital

5.2.4.1 OVERALL AUTHORIZATIONS

The Shareholders'Annual General Meeting of April 29, 2016, authorized the Board of Directors to proceed with miscellaneous 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 shareholders' 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	Implementation
14th 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 as from April 29, 2016. Maximum cap for capital increases of EUR 350 million (about 30% of the share capital)(1).	None
15th 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 as from April 29, 2016. Maximum cap for capital increases of EUR 120 million (about 10% of the share capital)(1).	None
16th resolution **GM 2016**	Issuance of ordinary shares and/or securities giving access to the share capital and/or to debt securities, without preferential subscription right, by way of private placement. Duration of 26 months as from April 29, 2016. Maximum cap for capital increases of EUR 60 million (about 5% of the share capital)(1) (2).	None
17th resolution **GM 2016**	Issuance of ordinary shares and/or securities giving access to the share capital, without preferential subscription rights, in the event of an exchange tender offer initiated by the Company. Duration of 26 months as from April 29, 2016. Maximum cap for capital increases of EUR 120 million (about 10% of the share capital)(1) (2).	None
18th resolution **GM 2016**	Issuance of ordinary shares and/or securities giving access to the Company's share capital, without preferential subscription rights, in consideration for contributions in kind to the Company and made up of shares or securities giving access to the share capital of the Company or companies of which it owns directly or indirectly more than half of the share capital or another company (except in the event of an exchange tender offer initiated by the Company). Duration of 26 months as from April 29, 2016. Maximum cap for capital increases of EUR 120 million (about 10% of the share capital)(1) (2).	None
19th resolution **GM 2016**	Increase of the share capital by incorporation of reserves, profits or premiums. Duration of 26 months as from April 29, 2016. Maximum cap for capital increases of EUR 1 billion.	None
20th 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 as from April 29, 2016. Maximum cap for capital increases of 1% of the share capital of the Company(1) (2).	None

(1) It is noted thalthe fourteenth, fifteenth, sixteenth, seventeenth and eighteenth resolutions of the 2016 General Meeting are all subject to an overall cap of EUR 350 million on which the amount of the share capital increases implemented pursuant to the twentieth resolution will also be charged.

(2) These amounts being deducted from the specifie maximum cap of EUR 120 million set in the fifteenth resolution for the issuances implemented without preferential subscription right of the shareholders.

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 not to grant any new stock-option plans.

The latest delegation regarding stock option plans has been 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 chapter 3.3.3.3 of this Registration document.

5.2.5.2 PERFORMANCE-BASED 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-based 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, chapter 3.3.3.3 of this Registration document.

5.2.5.3 SHARE REPURCHASE [1]

TRADING BY RENAULT IN ITS OWN SHARES IN 2016 AND ALLOCATION OF TREASURY SHARES

As at December 31, 2016, Renault held 4,649,545 shares with a par value of €3.81, and a net carrying amount of €306,460,019.

Pursuant to the provisions of Article L. 225-209 of the French Commercial Code, the tenth resolution of the Combined General Meeting of April 30, 2015 authorized the Company to deal in its own shares so as to allow it to benefit from the opportunities granted by applicable law. The authorization was granted until October 30, 2016. A new share repurchase program was authorised by the Annual General Meeting of April 29, 2016, depriving of effect from this date the program authorised on April 30, 2015.

In February 2016, Renault acquired 5,250 of its own shares as part of the share repurchase program approved by the Annual General Meeting of April 30, 2014. Then, as part of its share repurchase program approved by the Annual General Meeting April 29, 2016, Renault bought 1,355,626 shares in May 2016 and 78,000 in September 2016. The 4,649,545 shares held directly or indirectly by Renault as at December 31, 2016, 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 of such shares. The shares acquired by the beneficiaries of Long-Term Incentives shall not have any effect on the share capital structure. Therefore, it is planned that (i) shares acquired under a free performance share award are from the share repurchase program; (ii) shares created following the exercise of share options are immediately offset by the cancellation of the same amount of treasury stock, previously acquired under the share repurchase program. The aim is to leave the Company's share capital unchanged. The number of shares allocated to this end is 4,649,545 shares.

Percentage of treasury shares held directly or indirectly as at December 31, 2016: 1.57%.
Number of shares canceled over the 24 months preceding December 31, 2016: 0
Number of shares held in the portfolio as at December 31, 2016: 4,649,545
Net carrying amount of the portfolio as at December 31, 2016: €306,460,019
Portfolio value as at December 31, 2016[2]: €392,933,048.

TRADING BY RENAULT IN ITS OWN SHARES IN 2016 AS PART OF THE PROGRAMS AUTHORIZED BY THE COMBINED GENERAL MEETINGS OF APRIL 30, 2015 AND APRIL 29, 2016

	Total gross flows at December 31		Open positions as at December 31, 2016	
	Purchase	Sold	Long positions	Short positions
Number of shares	1,438,876	None	None	None
Average selling, purchase or exercise price	€78.0763	None	None	None
TOTAL	**€112,342,183.54**	**NONE**	**NONE**	**NONE**

DESCRIPTION OF THE SHARE REPURCHASE PROGRAM SUBMITTED FOR AUTHORIZATION TO THE ANNUAL GENERAL MEETING OF JUNE 15, 2017

Pursuant to Articles 241-1 to 242-7 of the General Regulations of the AMF and Article L. 451-3 of the French Monetary and Financial Code, this section describes the purpose and arrangements for the new Treasury shares repurchase program organized by Renault, which will be submitted for approval to the Combined General Meeting of Shareholders of June 15, 2017.

The objectives of the program are to:

- use all or part of the acquired shares to cover a stock option purchase plan or allotment plan, or any other form of grant, allotment or disposal intended for employees or senior managers of the Company and its Group and to carry out any related hedging transactions in accordance with the conditions set by the law;
- cancel such shares, in particular to offset the dilution associated with the potential exercise of stock options or the acquisition of consideration-free shares, subject to the adoption of the ninth resolution by the Combined General Meeting of June 15, 2017;

(1) 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.
(2) Based on a stock market price of €84.51 at December 31, 2016.

- remit all or part of the shares acquired upon exercise the rights attached to financial securities giving the right to an allotment of Company shares through conversion, exercise, redemption, exchange or any other method, in accordance with applicable regulations;
- act on the secondary market or the liquidity of the Renault share through an independent Investment Services provider pursuant to a liquidity agreement complying with the code of ethics approved by the AMF;
- use all or part of the shares acquired in view of keeping them and subsequently deliver them by way of exchange or payment in the context of any external growth transactions, in accordance with recognized market practices and applicable regulations;
- more broadly, perform all other transactions currently admissible, or that would become authorized or admissible, by applicable laws or regulatory provisions or by the AMF.

These shares may be acquired, sold, transferred or exchanged by any means permitted by regulations, including over the counter and by blocks of shares, using financial derivatives and options strategies in compliance with applicable regulations, and at times chosen by the Board of Directors.

The maximum purchase price shall be €120 per share excluding acquisition costs, and the number of shares eligible for repurchase shall not exceed 10% of the share capital, i.e. theoretically 29,572,228 shares. It should be noted that A) this threshold applies to a capital amount that, where necessary, will be adjusted to reflect any transaction carried out subsequently to the Annual General Meeting; and that B) when the shares are purchased to enable liquidity, in accordance with General Regulations of the AMF, the number of shares taken into account to calculate the aforementioned 10% threshold shall be the number of shares purchased decreased by the number of shares sold during the authorized period. This threshold of 10% of the share capital corresponded to 29,572,228 shares as of December 31, 2016. The total amount the Company may affect to the share repurchase program shall not exceed €3,548.7 million.

These operations may be carried out at any time, except during a public tender offer concerning the Company, during the share repurchase program.

The number of shares acquired by the Company for retention or exchange as part of a merger, partial merger or demerger shall not exceed 5% of its capital.

If the share capital is increased by capitalization of reserves, attribution of bonus shares, increase of the shares 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, 2017, this program shall be valid for a period that expires at the next Annual General Meeting called to approve the 2017 financial statements and shall not ex longer than 18 months, i.e. until December 29, 2018.

5.2.6 Renault share ownership ♦

5.2.6.1 RENAULT SHAREHOLDERS AT DECEMBER 31, 2016

OWNERSHIP OF SHARES AND EXERCISABLE VOTING RIGHTS FOR THE LAST THREE FISCAL YEARS

	12/31/2016			12/31/2015			12/31/2014		
	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 government(3)	58,387,915	19.74%	33.95%	58,387,915	19.74%	23.56%	44,387,915	15.01%	17.84%
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%	3.03%(2)	9,167,391	3.10%	3.70%	9,167,391	3.10%	3.68%
Employees(1)	6,168,600	2.09%	4.07%	6,157,300	2.08%	2.48%	7,384,900	2.50%	2.97%
Treasury stock	4,649,545	1.57%	-	3,573,737	1.21%	-	2,555,983	0.86%	-
Public	172,990,490	58.50%	58.95%	174,077,598	58.87%	70.26%	187,867,752	63.53%	75.51%
TOTAL	**295,722,284**	**100.00%**	**100.00%**	**295,722,284**	**100.00%**	**100.00%**	**295,722,284**	**100.00%**	**100.00%**

(1) 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.
(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 solely the result of the change in the total number of exercisable voting rights (see section 5.2.1 of this Registration document).
(3) For information on the change in the voting rights held by the French State, see the following .

To the knowledge of the Company no other party holds more than 5% of the capital or voting rights, directly or indirectly or in concert, other than the French State, Nissan Finance Co, Ltd. and BlackRock, which held 5.20% of the capital as at December 31, 2016.

♦ *GRI [G4-7]*

The share capital amounts to €1,126,701,902.04, divided into 295,722,284 oustanding shares. As at December 31, 2016, this is distributed as follows:

- the French government holds 19.74% of the share capital, corresponding to 25.95% of the voting rights and 33.95% of the exercisable voting rights, taking into account voting rights denied as set out below;
- the Nissan group, through its wholly-owned subsidiary Nissan Finance Co., Ltd., holds 15% of Renault's share capital (unchanged since December 31, 2015). However, Nissan Finance Co., Ltd. is not entitled to exercise the voting rights attached to these shares owing to Renault's ownership interest in Nissan Motor Co., Ltd., parent company of Nissan Finance Co., Ltd.;
- the Daimler Pension Trust e.V holds 3.10% (9,167,391 shares);
- current and former Renault employees hold 2.09% of the share capital in the form of shares managed through collective investment schemes;
- treasury stock represents 1.57% of the share capital. Under French law, such shares do not carry voting rights;
- the free float, including BlackRock, is now 58.50% of the share capital (compared with 58.87% as at December 31, 2015).

A survey of the holders of Renault bearer shares was conducted on November 30, 2016. This gave an estimated breakdown of the public ownership's interest by category of major shareholder.

As at such date, institutional shareholders, including BlackRock, owned 47.54% of the share capital, with French institutions holding 10.74% and foreign institutions 36.80%. The 10 largest French and foreign institutional investors held approximately 15.36% of the share capital. The remaining capital – 10.96% – is held primarily by individual shareholders.

5.2.6.2 DOUBLE VOTING RIGHTS

Starting 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 By-laws 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.

5.2.6.3 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 225-100-3 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 tender offer: after the end of the lock-up commitment, Daimler agrees to not tender its shares to a public tender 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 between Renault and Nissan and between Renault and the French State to restore the balance between the investments of the two shareholders in Renault and, on this occasion, to ensure the continuity and development of the Renault-Nissan Alliance, on February 4, 2016, Renault SA and the French State entered into a governance agreement aimed at capping the French State's voting rights in respect of certain decisions to be approved by Renault Annual General Meeting of shareholders.

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 at least 70% of the shares with voting rights (either single or double voting rights), the French State's voting rights are capped at 17.9% of the voting rights exercisable by Renault; 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 voting rights are capped at 20% of the voting rights exercisable by Renault.

The capping of the French State's voting rights applies to all decisions within the jurisdiction of the Ordinary General Meeting, with the exception of the following decisions, for which the French State may 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 transactions against which the representatives of the French State voted on the Board of Directors; and
- 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 exercise all of its voting rights, with the exception of the following decisions for which the French State's voting rights are capped, namely:

- grant or renewal of delegations of authority or powers to the executive 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 not capped if the French State votes according to the recommendations of the Board of Directors of Renault.

The capping 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, capping 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 over time, 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 and assists Groupe Renault in the implementation of the capping mechanism through the management of the registered shareholder accounts in which the Renault shares owned by the French State are kept. 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

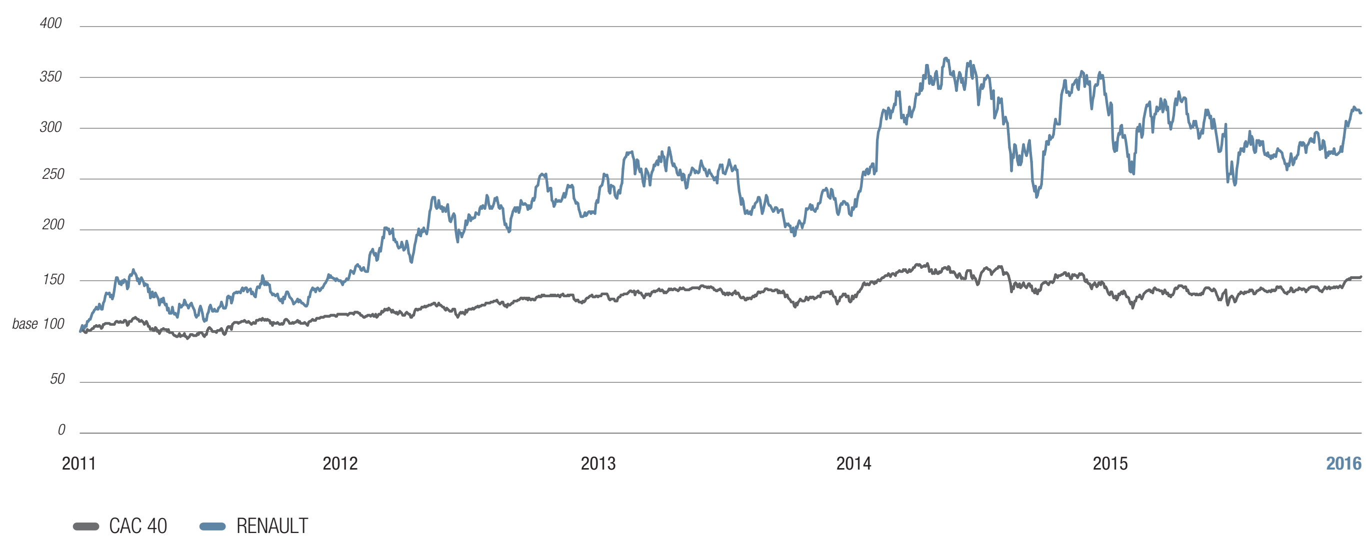
Renault has been listed on the Paris Stock exchange (Euronext) since November 17, 1994, when the Company was partially privatized. The issue price was FRF165 (€25.15). The Renault share has been one of the shares which compose the CAC 40 index since February 9, 1995.

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.

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 chapter 2.9.6).

5.3.1.2 RENAULT SHARE PRICE PERFORMANCE OVER THE LAST FIVE YEARS



RENAULT SHARE PRICE AND MARKETS PERFORMANCE

	2016	2015	2014	2013	2012
Year high (€)	90.00	98.81	75.43	68.39	43.02
Year low (€)	65.36	57.38	51.95	39.67	26.60
Closing price (€)	84.51	92.63	60.53	58.45	40.68
Change during the year (%)	-8.77	+54.64	+4.04	+44.09	+47.4
CAC change during the year (%)	+4.86	+9.05	+1.08	+18.0	+15.2
DJES Auto change during the year (%)	-3.94	+13.8	+5.70	+34.09	+35.25
Number of shares exchanged during the year	257,321,509	332,181,829	325,351,180	283,176,634	440,033,635
Market capitalization (€ million)	24,991	27,393	17,900	17,285	12,031

Source: Reuters

The average share price in the last 30 trading days of 2016 was €79.86 (*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 Investor 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 repurchase was 797,659, unchanged at December 31, 2016.

COMPENSATION

The gross compensation on participating shares paid on October 24, 2016 in respect of 2015 was €22.48 (€10.29 for the fixed portion and €12.19 for the variable portion).

The compensation on participating shares for financial year 2016, payable on October 24, 2017, is €24.03, comprising €10.29 for the fixed portion and €13.74 for the variable portion (based on consolidated revenues of €51,243 million for 2016 and revenues restated at constant group structure and consolidation methods of €45,483 million for 2015).

5

TRADING VOLUMES AND PRICES OF RENAULT REDEEMABLE SHARES OVER THE PAST THREE YEARS

	2016	2015	2014
Year high (€)	554,45	575.00	444.95
Year low (€)	465.00	435.65	400.00
Closing price (€)	543.90	539.95	438.90
Number of shares exchanged during the year	69.284	81,243	119,268

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, 2016, the outstanding amount of participating shares was 60,269. At the closing price of €204.75, Diac's participating shares represented a total of €12,340,077 (9,188,009 at the issue par value of €152.45).

In the course of 2016, the share price fluctuated between €191.20 at its lowest and €210 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 plan, Renault has put forward a pay-out policy independent from the dividends earned from participations in listed companies.

The aim of this new policy is to offer returns at least equivalent to the average of European carmakers.

On February 9, 2017 the Board of Directors proposed the payment of a dividend of €3.15 per share for the financial year. This proposal will be submitted to voting at the Annual General Meeting on June 15, 2017. The dividend will be paid on June 23, 2017.

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 €)	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

* *In accordance with the proposal of the Board of Directors and subject to the decision of the Combined General Meeting of June 15, 2017*

5.3.3.2 UNCLAIMED DIVIDENDS

Any dividend wich 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 its listing on the stock exchange 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 chapter 2.1.6)

5.4.2 Institutional investors/socially responsible investors

(See chapter 2.1.6)

5.4.3 2017 financial calendar

February 10 (before opening)	2016 annual results
April 27 (after close)	2017 Q1 revenues
June 15 (afternoon)	2017 Shareholders'Annual General Meeting
July 28 (before opening)	2017 half-year results
October 24 (after close)	2017 Q3 revenues

5.4.4 Contacts

INVESTOR RELATIONS DEPARTMENT

E-mail: 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

Phone information for employee shareholders: +33 (0) 1 76 84 33 38

Website: 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 Service
Renault Shareholder Relations
9 rue du Débarcadère
93761 Pantin Cedex – France
Tel: 0 892 23 00 00 in France
+33 (0) 1 40 14 11 16 from other countries

5.4.5 Public documents ♦

The following documents are available in the Finance section of the website www.groupe.renault.com:

- the Company's By-laws;
- financial press releases;
- the regulatory information that is published in its entirety by electronic means (including on the web-site of the French Financial Markets Authority), 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 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*.

♦ *GRI [G4-29]*

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The Renault language explained!

Additional information

06

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

6.1 Certification by the person responsible for the document

Contact:

Carlos Ghosn, Chairman and CEO.

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, 2017

Chairman and Chief Executive Officer

Carlos Ghosn

6.2 Historical information on financial years 2014 and 2015

Pursuant to Article 28 of Commission regulation (EC) No. 809/2004, the following information is incorporated by reference in this 2014 Registration document:

6.2.1 For financial year 2014 ♦

The 2014 Registration document was filed with the French Financial Markets Authority on March 18, 2015, under number D. 15-0166.

The consolidated financial statements appear in chapter 4, on pages 252 to 315, and the statutory auditors' report on the consolidated financial statements appears in chapter 4, on page 250, of the same document.

The financial information appears in chapter 1.3.2, on pages 66 to 69, 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 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 chapter 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.

♦ *GRI [G4-29]*

6.3 Statutory auditors

6.3.1 Regular statutory auditors

KPMG SA

represented by Jean-Paul Vellutini and Laurent des Places
Tour Eqho
2, avenue Gambetta
92066 Paris la Défense

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.

EY Audit

represented by Aymeric de La Morandière and Bernard Heller
Tour First
1-2, place des Saisons
92400 Courbevoie – Paris La Défense 1

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 SA
Tour Eqho
2, avenue Gambetta
92066 Paris la Défense

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

Alternate for EY Audit
Tour First
1-2, place des Saisons
92400 Courbevoie – Paris La Défense 1

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 PAID TO STATUTORY AUDITORS AND THEIR NETWORK

	KPMG network				EY network			
	Total		As a %		Total		As a %	
(€ million)	2016	2015	2016	2015	2016	2015	2016	2015
Certification of financial statements	5.33	5.21	87.8%	84.0%	5.95	5.93	87.2%	92.5%
Renault SA and Renault s.a.s.	*2.26*	*2.22*	*37.2%*	*35.8%*	*3.01*	*3.13*	*44.1%*	*48.8%*
Fully consolidated subsidiaries	*3.07*	*2.99*	*50.6%*	*48.2%*	*2.94*	*2.80*	*43.1%*	*43.7%*
Services other than certification of financial statements (SACC)	0.74	0.99	12.2%	16.0%	0.87	0.48	12.8%	7.5%
Renault SA and Renault s.a.s.	*0.11*	*0.01*	*1.8%*	*0.2%*	*0.39*	*0.22*	*5.7%*	*3.4%*
Fully consolidated subsidiaries	*0.63*	*0.98*	*10.4%*	*15.8%*	*0.48*	*0.26*	*7.0%*	*4.1%*
TOTAL	**6.07**	**6.20**	**100.0%**	**100.0%**	**6.82**	**6.41**	**100.0%**	**100.0%**

6.4 Cross-Reference Tables

Nota bene : The following cross-reference table facilitates the identification within this Registration Document of the December 31, 2014, management report information required by the applicable legal and regulatory provisions.

6.4.1 Headings required by Annex 1 of european commission regulation (ec) no. 809/2004

n/a: not applicable

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n/a: not applicable

6.4.2 Cross-reference table for the management report

The following cross-reference table facilitates the identification within this Registration document of the December 31, 2016 management report information required by the applicable legal and regulatory provisions.

Topic	Reference text	Page
I-Activity		
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	62-72; 73-77; 78
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II- Risk factors		
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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	38; 61; 419-420
Names of the controlled companies and share of the Company's capital they own (treasury shares)	L. 233-13 of the French Commercial Code	385-388
Detail of purchases and sales of Company treasury shares during the fiscal year	L. 225-211 of the French Commercial Code	418
Factors likely to have an effect in the event of a public offer	L. 225-100-3 of the French Commercial Code	415-421
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	419-420
Shares acquired by the employees through an employee buyout transaction	L. 225-102 of the French Commercial Code	-
Table summarising 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	417
Potential adjustments for share equivalents in the event of share buybacks or financial transactions	R. 228-90 and R. 228-91 of the French Commercial Code 373	417
Injunctions or monetary fines for anti-competitive practices	L. 464-2 of the French Commercial Code -	-

Topic	Reference text	Page
IV- Financial data		
Table showing the Company's results over the last five fiscal years	R. 225-102 of the French Commercial Code 367	411
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	-
Total dividends distributed over the last three fiscal years	Article 243 bis of the French General Tax Code	424
V – Corporate governance and remuneration of senior executives		
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	275-294; 382
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	275-295
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	231
Conditions for the exercise and retention of options awarded to the corporate officers	L. 225-185 of the French Commercial Code	287
Conditions for the retention of bonus shares awarded to the Chief Executive	L. 225-197-1 of the French Commercial Code	294
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 Regulations	286-287; 294
VI – Corporate social data and environmental data		
Corporate social data	L. 225-102-1 of the French Commercial Code	132-159
Environmental data	L. 225-102-1 of the French Commercial Code	160-194
Information on societal commitments promoting sustainable development	L. 225-102-1 of the French Commercial Code	222
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 L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF general regulations

The following cross-reference table facilitates the identification within this Registration document of the December 31, 2016 annual financial report.

Topic	Page
Financial statements 351	395-411
Consolidated financial statements	304-389
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	430
Statutory Auditors' reports on the financial and consolidated statements	390-391; 302-303
Communiqué regarding the Statutory Auditors' fees	433
Report of the Chairman of the Board of Directors, prepared in accordance with Article L. 225-37 of the French Commercial Code, regarding the content, the preparation and organization of the Board's work, and the internal control and risk management procedures implemented by the Company	228-261; 264-269
Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code	272

6.4.4 GRI-G4 Indicators and Global Compact principles

Groupe Renault has chosen to prepare this report in accordance with version G4 of the GRI (Global Reporting Initiative) Guidelines - Core in accordance option.

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.

The indicators required for the "Core" in accordance level can be found in the table below. A second table follows, presenting the indicators not required for this level of compliance, but for which Groupe Renault is also able to provide data.

GRI-G4 INDICATORS	Chap./direct responses	Omissions	Global compact principles
GENERAL INFORMATION ITEMS			
STRATEGY AND ANALYSIS			
G4-1	2.1.2		
ORGANIZATION PROFILE			
G4-3	5.1.1		
G4-4	1.1.3.1; 1.1.5		
G4-5	5.1.1.1		
G4-6	1.1; 2.8		
G4-7	5.1.1.2; 5.2.6		
G4-8	1.1; 1.3.1		
G4-9	1.1; 2.4.1		
G4-10	2.4.1.1		
G4-11	2.4.4.3		
G4-12	2.3.2		
G4-13	1.1.4		
G4-14	1.5		
G4-15	2.1.5		
G4-16	2.1.6		
MATERIAL ASPECTS AND BOUNDARIES IDENTIFIED			
G4-17	2.1.7.1; 2.9.3; 4.2		
G4-18	2.1.6; 2.1.7		
G4-19	2.1.6.7; 2.9.1		
G4-20	2.4; 2.9.2; 2.9.3; 2.9.4		
G4-21	2.4; 2.9.2; 2.9.3; 2.9.4		
G4-22	2.1.7		
G4-23	2.9.2; 2.9.3; 2.9.4		
STAKEHOLDER ENGAGEMENT			
G4-24	2.1.6		
G4-25	2.1.6		
G4-26	2.1.6		
G4-27	2.1.6		
REPORT PROFILE			
G4-28	5.1.1.7		
G4-29	5.4.5; 7.2.1; 7.2.2		
G4-30	5.1.1.7		
G4-31	Inside back cover		
G4-32	"Core" in accordance option		
G4-33	2.9.7		

GRI-G4 INDICATORS	Chap./direct responses	Omissions	Global compact principles
GOVERNANCE			
G4-34	2.1.4; 3.1.1; 3.1.2; 3.1.3		
ETHICS AND INTEGRITY			
G4-56	2.1.5; 2.3; 3.1.4; 3.1.5		1 & 2
SPECIFIC INFORMATION ITEMS			
CATEGORY: ECONOMY			
ECONOMIC PERFORMANCE			
G4-DMA	2.8: ETR07. Community and local development 2.3.2.3: ETR06. Supplier and network relations		
G4-EC2	1.5.1.2		
G4-EC3	2.4.3.2		
MARKET PRESENCE			
–			
INDIRECT ECONOMIC IMPACTS			
G4-DMA	2.2.3: MDU03. Economic accessibility of products and services 2.2.2.4: MDU06. Sustainable cities (including urban transport and congestion) and Smart Mobility		
G4-EC7	1.4.1.1		
G4-EC8	2.8		
PROCUREMENT PRACTICES			
–			
CATEGORY: ENVIRONMENT			
MATERIALS			
G4-DMA	2.6.3.2: ENV03. Resource management and circular economy		
G4-EN1	2.6.3.2		7, 8 & 9
G4-EN2	2.6.3.2		7, 8 & 9
ENERGY			
G4-DMA	2.6.3.1: ENV04. Energy management (industrial sites and logistics)		
G4-EN3	2.6.3.1		7, 8 & 9
G4-EN5	2.6.3.1		7, 8 & 9
G4-EN6	2.6.2.4; 2.6.3.1		7, 8 & 9
G4-EN7	2.6.2.2; 2.6.3.1		7, 8 & 9
WATER			
G4-DMA	2.6.3.3: ENV09. Water management		
G4-EN8	2.6.3.3		7 & 8
G4-EN9	2.6.3.3		7 & 8
G4-EN10	2.6.3.3		7 & 8
BIODIVERSITY			
G4-DMA	2.6.3.7: ENV10. Biodiversity		
G4-EN11	2.6.3.7		7 & 8
EMISSIONS			
G4-DMA	2.6.3.1: ENV01. Carbon footprint of vehicles (full life cycle) 2.6.3.4: ENV02. Impact of vehicles on air quality 2.6.3.4: ENV08. Impact of industrial sites on air quality		
G4-EN15	2.6.3.1		7, 8 & 9
G4-EN16	2.6.3.1		7, 8 & 9
G4-EN17	2.6.3.1		7, 8 & 9
G4-EN18	2.6.3.1		7, 8 & 9
G4-EN19	2.6.3.1		7, 8 & 9
G4-EN21	2.6.3.4		7
WASTE AND EFFLUENTS			
G4-DMA	1.5.1.3: ENV06. Safety of industrial sites 2.6.3.2: ENV03. Waste management		
G4-EN23	2.6.3.2		7

GRI-G4 INDICATORS	Chap./direct responses	Omissions	Global compact principles
PRODUCTS AND SERVICES			
G4-DMA	2.6.3.2: ENV03. Resource management and circular economy 2.6.3.7: ENV11. Vehicle noise		
G4-EN27	2.6.2.1; 2.6.2.2		8 & 9
G4-EN28	2.6.2.2; 2.6.3.2		8 & 9
COMPLIANCE			
–			
TRANSPORT			
	2.6.3.1: ENV04. Energy management (industrial sites and logistics)		
G4-EN30	2.6.3.1		7 & 8
OVERALL			
G4-DMA	1.5.1.3: ENV06. Safety of industrial sites		
G4-EN31	2.6.2.3		7, 8 & 9
SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	2.3.2.3: ETR06. Supplier and network relations		
G4-EN32	2.3.2		7 & 8
G4-EN33	2.3.2; 2.6.3.1		7 & 8
ENVIRONMENTAL GRIEVANCE MECHANISMS			
–			
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-DMA	2.4.3: CHM02. Responsible management		
G4-LA1	2.4.1.1		
G4-LA2	4.2.6.4		
EMPLOYER/EMPLOYEE RELATIONS			
G4-DMA	2.1.6: ETR04. Stakeholder dialog		
G4-LA4		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 decided in agreement with the social partners.	
OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	2.4.3.1: CHM01. Health, safety and work environment		
G6-LA6	2.4.3.1		
G8-LA8	2.4.4.2		
TRAINING AND EDUCATION			
G4-DMA	2.4.1.4: CHM03. Skills management		
G9-LA9	2.4.1.4; 2.4.2.1		
G4-LA10	2.4.1.4; 2.4.2.1		
DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	2.4.2.1: CHM04. Diversity and equal opportunity		
G4-LA12	2.4.1.1; 3.1.1; 3.1.3		6
EQUAL COMPENSATION FOR MEN AND WOMEN			
G4-DMA	2.4.3.2: CHM05. Remuneration and benefits		
G4-LA13		Information not available: the data will be made more reliable in 2017 and will be available in the 2018 Registration document	6
ASSESSMENT OF EMPLOYMENT PRACTICES AT SUPPLIERS			
G4-DMA	2.3.2.3: ETR06. Supplier and network relations		
G4-LA14	2.3.2		
G4-LA15	2.3.2		

GRI-G4 INDICATORS	Chap./direct responses	Omissions	Global compact principles
LABOR PRACTICES GRIEVANCE MECHANISMS			
G4-DMA	2.3.1: ETR01. Business ethics and compliance		
G4-LA16	2.1.6		
SUB-CATEGORY: HUMAN RIGHTS			
INVESTMENT			
G4-DMA	2.4.4: ETR03. Human rights		
G4-HR1	2.3.2		1 & 2
NON-DISCRIMINATION			
G4-DMA	2.4.4: ETR03. Human rights		
G4-HR3	3.1.4.3		6
FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING			
–			
CHILD LABOR			
–			
FORCED OR COMPULSORY LABOR			
–			
SECURITY PRACTICES			
–			
INDIGENOUS RIGHTS			
–			
ASSESSMENT			
–			
SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	2.4.4: ETR03. Human rights		
G4-HR10	2.3.2		1 & 2
G4-HR11	2.3.2		1 & 2
HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-DMA	2.3.1: ETR01. Business ethics and compliance		
G4-HR12	2.1.6		1 & 2
SUB-CATEGORY: SOCIETY			
LOCAL COMMUNITIES			
G4-DMA	2.8: ETR07. Community and local development 2.8.1.3: ETR08. Sponsorship		
G4-SO1	2.1.6		
G4-SO2	2.1.6		
ANTI-CORRUPTION			
G4-DMA	2.3.1: ETR01. Business ethics and compliance 2.1.4; 3.1.1.4: ETR05. Corporate governance		
G4-SO4	3.1.4.3		10
G4-SO5	3.1.4.3		10
PUBLIC POLICIES			
–			
ANTI-COMPETITIVE BEHAVIOR			
–			
COMPLIANCE			
–			
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-DMA	2.3.2.3: ETR06. Supplier and network relations		
G4-SO9	2.3.2		
G4-SO10	2.3.2		1
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
–			

GRI-G4 INDICATORS	Chap./direct responses	Omissions	Global compact principles
SUB-CATEGORY: PRODUCT LIABILITY			
CONSUMER HEALTH AND SAFETY			
G4-DMA	2.6.3.5; 2.7.2: ENV05. User health 2.7.1.1: MDU01. Automotive safety; MDU02. Road safety 2.2.4: MDU05. Physical accessibility of products and services		
G4-PR1	2.7.2		
PRODUCT AND SERVICE LABELING			
–			
MARKETING COMMUNICATIONS			
–			
CUSTOMER PRIVACY			
G4-DMA	2.3.3.5: ETR02. Cyber security and data confidentiality		
G4-PR8		Confidential as considered to be strategic competitive information	
COMPLIANCE			
–			

Table of GRI indicators not required for "In Accordance" - Core, for which Groupe Renault is also able to provide reporting:

GRI-G4 Indicators	Chap./direct responses	Omissions	Global compact principles
GENERAL INFORMATION ITEMS			
STRATEGY AND ANALYSIS			
G4-2	1.5; 2.1.1; 2.1.2		
GOVERNANCE			
G4-35	3.1.1; 3.1.2; 3.1.3; 2.1.4		
G4-36	3.1.1; 3.1.2; 3.1.3; 2.1.4		
G4-37	2.1.6		
G4-38	3.1.1; 3.1.3; 2.1.4		
G4-39	3.1; 2.1.4		
G4-40	2.1.4		
G4-45	2.1.4		
G4-46	2.1.4		
G4-51	3.3		
G4-52	3.3		
ETHICS AND INTEGRITY			
G4-57	3.1.4; 3.1.5		1 & 2
G4-58	3.1.4; 3.1.5		1 & 2
SPECIFIC INFORMATION ITEMS			
CATEGORY: ENVIRONMENT			
G4-EN12			7 & 8
G4-EN13			7 & 8
G4-EN14			7 & 8
EMISSIONS			
G4-EN20			7
WASTE AND EFFLUENTS			
G4-EN22			7
G4-EN24			7
G4-EN25			7
G4-EN26			7
ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-EN34	2.1.6		
CATEGORY: SOCIAL			
SUB-CATEGORY: HUMAN RIGHTS			
INVESTMENT			
G4-HR2			1 & 2
FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING			
G4-HR4			3
CHILD LABOR			
G4-HR5			5
FORCED OR COMPULSORY LABOR			
G4-HR6			4
SECURITY PRACTICES			
G4-HR7			1 & 2
INDIGENOUS RIGHTS			
G4-HR8			1 & 2
ASSESSMENT			
G4-HR9			1 & 2

GRI-G4 Indicators	Chap./direct responses	Omissions	Global compact principles
SUB-CATEGORY: SOCIETY			
ANTI-CORRUPTION			
G4-SO3			10
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-SO11	2.1.6		
SUB-CATEGORY: PRODUCT LIABILITY			
PRODUCT AND SERVICE LABELING			
G4-PR3	2.3.3		
G4-PR5	1.4.4.3; 2.3.3.2		

Glossary

A

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

CAFE: the "CAFE" (Corporate Average Fuel Economy) represents the average level of fuel consumption or CO_2 emissions for all passenger cars sold by a carmaker.

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.

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.

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

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_2 emissions - while maintaining performance.

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.

E

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.

F

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

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 3 brands: Renault, Dacia and Renault Samsung Motors for a total volume of over 3.1 million vehicles sold in 2016.

H

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

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

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 a prioritisation 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.

Monozukuri is a comprehensive approach that seeks to reduce the total cost of our vehicles with impeccable quality and customer value. Monozukuri therefore consists of optimizing the entire value chain to improve quality and reduce costs

N

NEDC: New European Driving Cycle. The NEDC 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 3 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

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 Authorisation 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 2 companies.

S

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

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.

Initials and acronyms

A

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

APW: Alliance Production Way

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

BOP: Bottom Of the Pyramid

BOT: Build Operate Transfer Agreements

BPU: Single Personnel Database

C

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

DRIRE: Regional directorate for industry, research and the environment (Direction régionale de l'industrie, de la recherche et de l'environnement)

E

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

G

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

HMI: Human-Machine Interface

HR: Human Resources

I

IASB: International Accounting Standards Board

IBS: Identifiable Bearer Securities

ICV: International Corporate Volunteer

ICPE: in France, environmentally-sensitive facilities, which must undergo regular inspections (*installations classées pour la protection de l'environnement*)

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

JV: Joint Venture

L

LCA: Life-Cycle Assessment

LCV: Light Commercial Vehicle

Libor: London Interbank Offered Rate

LTL: Long-term leasing

M

MCV: Multi-Convivial Vehicle

MOU: Memorandum of Understanding

MPV: Multi-Purpose Vehicle

N

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*)

NGV: Natural Gas Vehicle

NOx: Nitrogen oxides

NV: New Vehicle

O

OaO: Overall Opinion

OBSAR: Warrant bond (*Obligation à bons de souscription d'actions remboursables*)

OECD: Organisation for Economic Co-operation and Development

ONERA: French aerospace research agency (*Office national d'études et de recherches aérospatiales*)

NGO: Non-Governmental Organization

OOIE: Other Operating Income and Expense

OPA: takeover bid

OPE: Public Exchange Offer

OSCE: Organization for Security and Co-operation in Europe

P

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

R&D: Research and Development

RCS: French business register (*Registre du commerce et des societés*)

REACH: Registration, Evaluation and Authorization of Chemicals

RGC: Renault Group Committee

RIA: Recyclability Index for Automobiles

RMC: Regional Management Committee

ROCE: Return on Capital Employed

ROE: Return on Equity

S

SAM: Sustainable Asset Management, a sustainability rating agencys

SPR: Renault Production System

SRI: Socially Responsible Investing

SRP: Renault System for Restraint and Protection

SUV: Sport Utility Vehicle

T

TACE: Activity rate excluding holidays

tCO_2eq: Metric tons of CO_2 equivalent

TFI: International French-language proficiency test (*Test de français international*)

TPAM: Third-Party Application Maintenance

U

UCITS: Undertakings for Collective Investment in Transferable Securities

UV: Used Vehicle

V

VAR: Value at risk

VPC: mail-order selling

W

WEF: World Economic Forum

WTO: World Trade Organization

Z

ZE: Zero Emission

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