

RENAULT GROUP
CORPORATE GOVERNANCE AND REMUNERATION UPDATE
APRIL 2017



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REMUNERATION UPDATE



RESPONSIVE TO SHAREHOLDERS: REMUNERATION CHANGES FOR 2016

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

VARIABLE PAY STRUCTURE

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

PAY-OUT CALCULATION

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



REMUNERATION PROGRAM DESIGN FOR 2016

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



REMUNERATION PROGRAM DESIGN COMPARISON: PAST & CURRENT (2016)

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



REMUNERATION PROGRAM OUTCOMES FOR 2016

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

VARIABLE COMPENSATION: 2016 PERFORMANCE AGAINST OBJECTIVES

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

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

