

**PRESS RELEASE**

2011-04-11

**RENAULT ANNOUNCES MAJOR CHANGES**

The Board of Directors on 11 April to examine the conclusions of the two audits requested by Mr Carlos Ghosn, Chairman and CEO of Renault, and by Mr Philippe Lagayette, Chairman of the Accounting and Audit Committee.

These audits were conducted by the internal audit Department and by Bearing Point within Renault between 14 March and 8 April 2011. The two audits carried out a precise analysis of the sequence of events leading to the unjustified incrimination of three Renault executives. The audits thus evidenced the chain of failings and dysfunctions within the company, particularly as regards the supervision and control of the Group Security Department.

The Accounting and Audit Committee discussed Bearing Point's report. Philippe Lagayette set forth the recommendations of the Accounting and Audit Committee for the benefit of the Board. A summary of those recommendations is attached to this press release.

Carlos Ghosn once again stated before the Board how much he regrets this dysfunctioning, as well as his firm intention of drawing all the appropriate consequences for the proper running of the Company. First of all, he updated the Board regarding the progress of the negotiations with the executives who were unjustly dismissed, as regards their being compensated for the damage suffered.

**Compensation for the employees**

The Board of Directors reviewed the findings of Professor Nicolas Molfessis, Professor of Law at the University of Panthéon-Sorbonne, and the recommendations of Mr. Jean-Claude Magendie, former Chief Judge of the Paris Court of Appeals, as regards the valuation of the moral damage.

Renault has arrived at an agreement in principle with Messrs Michel Balthazard, Matthieu Tenenbaum and Bertrand Rochette. As agreed at the Board Meeting held on 14 March 2011, each agreement was presented to the Board in detail. The Board is pleased that the outcome of the negotiations is positive and unanimously approves the final settlement.

Moreover, Renault has arrived at an agreement with Mr Philippe Clogenson regarding the damage suffered by him in connection with his dismissal in 2009. Mr Clogenson will be back at Renault starting on May 2, 2011, as Director of Business Development of Renault Consulting.

**Changes inside Renault**

On the basis of the findings of the audit report, the Chairman informed the Board of Directors of the decisions concerning the changes in the organization of the company.

As regards Mr. Rémi Pagnie, Director of Group Security, as well as his two co-workers, Messrs. Dominique Gevrey and Marc Tixador, procedures in view of their leaving the company will be implemented.

Mr. Jean-Yves Coudriou, Senior Executive Staff Manager, Mr. Christian Husson, Head of the Legal Department are relieved of their duties pending discussions concerning their future.

The same applies to Ms. Laurence Dors, General Secretary, due to the changes contemplated in the General Secretariat.

Mr. Patrick Pélata, Chief Operating Officer of Renault, asked to be relieved from his duties after acquainting himself with the audit report. This request was accepted. He will continue to manage current operations until he leaves Renault. He will then be offered other duties inside the group formed by the Renault-Nissan alliance. Mr. Carlos Ghosn stresses that Patrick Pélata's skills remain valuable and are an asset for the group.

Ms. Mouna Sepehri is appointed Delegate Director to the Chairman and CEO Office of Renault and shall supervise the functions which presently report to the General Secretariat, as well as the Legal Department. Moreover, she will carry out a study of the teachings to be derived from this crisis in terms of communications. She becomes a member of the Executive Committee of the Renault group.

Ms. Marie-Françoise Damesin, Director of Human Resources, becomes a member of the Executive Committee of the Renault group.

Moreover, in accordance with the recommendations of the Accounting and Audit Committee, the following measures are contemplated:

- an in-depth reform of ethics and risk management policies, involving in particular the upcoming appointment of an Ethics Manager reporting to the Chairman, who will chair the Ethics Committee to be substituted for the present Compliance Committee.
- the transformation of the Board of Directors' Accounting and Audit Committee into a Risk and Ethics Audit Committee. Its assignment will be extended to the supervision of the Ethics Committee, in coordination with the Chairman of the Appointments and Governance Committee.
- the creation of an Audit and Risk Control Department, which shall include all the entities that take part in dealing with risk.

### **Group Security Department**

The findings of the audit make the reorganization of the Security Department a priority. The crisis offers Renault the opportunity of creating an Information Security Department which will be exemplary for a manufacturing group. For this purpose, the Chairman informed the Board of Directors of his decision to entrust Alain Bauer, Professor of Criminology at the Conservatoire Général des Arts et Métiers, and Alain Juillet, Senior Advisor in the firm of Orrick Rambaud Martel, assisted by Eric Delbecque, director of the Economic Security Department of INHESJ, with an assignment aiming at preparing, following an in-depth dialogue with the main persons in charge of those matters and with the relevant government agencies and their heads, the draft reorganization of the tools required for the protection of the assets of the company.

The Board of Directors approves this initiative and appreciates the fact that it will be conducted in cooperation with government agencies.

The Board of Directors thanks Mr. Philippe Lagayette for the exemplary care and diligence which he evidenced in conducting this audit. It highly appreciates the Chairman's commitment to implement the recommendations of the audit report promptly and assures him of its full support. It will follow the various stages of this implementation with great interest.

At the outcome of the Board meeting, Carlos Ghosn stated: "This extraordinary meeting of the Board of Directors has turned a painful leaf in the history of Renault. Beyond the executives involved, all the employees of Renault have suffered from this crisis. This is the reason for which major changes have been made in order to restore trust in the company. Patrick Pélata will leave Renault without leaving the group. I thank him for his action at the service of Renault and of the Alliance. His skills remain an asset for the Group."

### **Appendix 1: Recommendations of the Accounting and Audit Committee to the Board Meeting held on 11 April 2011**

The Accounting and Audit Committee met five times between 14 March and 8 April 2011.

These meetings dealt with the operation of the Company and in no way with matters under investigation by the courts.

First of all, the Committee, together with the Chairman of the Board of Directors, requested the Director of the Internal Audit Department to prepare a report concerning the chronology of the events which took place between 17 August 2010 and 14 March 2011 in relation to the matter at hand.

On this basis, the Committee requested the Bearing Point consultancy firm to prepare a report identifying the main dysfunctions which took place within the company and to present recommendations aimed at remedying them.

The Audit Committee discussed the consultant's report on 5 and 8 April and here presents his findings to the Board.

The main dysfunctions may be summarized as follows:

- Failure to comply with regulations in connection with an ethical alert and with fraud.

The regulations and the role of the Compliance Committee were ignored until after the 3 suspensions had taken place.

The actual way in which the matter was investigated was deliberately concealed from the Board of Directors and from the Audit Committee, who were told in writing that “beginning on 30 August the anonymous letter of denunciation was dealt with under the internal procedures of the Compliance Committee relating to an ethical alert”.

- The matter was not referred to the Internal Audit Department, whereas it should have been, since fraud was involved.
- Failure by the Group Security Department to supervise the investigation.

The Group Security Department referred the matter to itself and its Director failed to control the progress of the investigation, as did their line managers.

The very succinct notes reflecting the results of the investigation were not subjected to a truly critical review, whether as regards their contents or their source, by the persons mainly responsible for the suspensions and later for the terminations.

Decisions were made informally by only a few individuals, without any organised two-party consultation with experts in risk management, law and HR.

The payment of over €200,000 to poorly known companies for unspecified services was able to occur without being prevented by the internal regulations of the Company.

These dysfunctions gave rise to the three main errors made by the company during that period:

- Keeping the official departments responsible in the dark, whereas espionage was involved
- Termination of employees on the basis of unsupported accusations which they were unable to answer
- Internal and external communications leaving no room for doubt over a period of several weeks

In order to avoid, to the extent that this is possible, the reiteration of such events, damaging as they are to the persons incriminated and to the company, the audit committee makes the following recommendations:

1 – The corporate management of the company must be able to enter the period now beginning without being handicapped by the remains of this collective failure.

Consequently, the persons who have played a leading role in investigating the matter and/or in reinforcing the conviction that corruption was involved must not keep their positions.

The two audit reports do not lead to the conclusion that the Chairman of the Company belongs in this category.

The decisions relating to the top executives are the responsibility of the head of the Company.

2 – The recommendations of Bearing Point should be largely implemented, insisting on the following points:

- As regards the spirit of the management, ethical values and respect for persons, as well as engaging a dialogue prior to any decision, should be first and foremost and their principle should be reinforced
- As regards procedures, the policies to be followed should be rewritten in a simpler and clearer form in many areas; this includes eliminating any contradictions resulting from their chronological accumulation. This applies in particular to provisions dealing with fraud, risk control, asset protection, crisis management and control of purchasing.
- As regards organisation:

- **The committee supports the decision (which has already been made) to reunify the HR Department and have it report directly to the CEO**
- **At the same level, directly reporting to the CEO, would be Operations, as well as the Finance Department and the General Secretariat, bringing together all the support functions, including the Legal Department but excluding audit and control.**
- **An Audit and Risk Control Department would report directly to the CEO, together with an Ethics Director who would have to be a person respected for his/her skills and seniority.**
- **Two committees, i.e. Risk and Internal Control and Ethics, would ensure that the decisions in those areas would be made with the support of all the required**

## **experience and skills.**

### **\* Alain BAUER**

Professor of Criminology at the Conservatoire National des Arts et Métiers. Senior Research Fellow at John Jay College of Criminal Justice (NY) and at the University of Beijing. Consultant at the NYPD (New York), the LASD (Los Angeles) and the Criminal Investigation Department of Quebec. Chairman of the Higher Council for Strategic Training and Research. Chairman of the Orientation Board of the National Observatory of Crime and Criminal Sanctions. Chairman of the Police File Control Group. Former Chairman of the task force for court files. Former Chairman of the task force for customs files. Former member of the Board of HALDE. Former member of the National Consultative Committee for Human Rights. Member of the honorary Committee of the International League against Racism and Anti-Semitism (LICRA). Auditor at IHESI

### **\*\* Alain JUILLET**

Born in 1942, Alain Juillet is a graduate of the Centre de Perfectionnement aux Affaires (CPA) of the Higher Business School of Paris (HEC) and of Stanford University

After serving as an officer in the 1st RCP and later in the SDECE task force, he left the military with the rank of colonel, subsequently holding positions as a manager and later a general manager in many French and foreign companies such as Pernod Ricard (1969-1985), Jacobs Suchard (1986-88), l'Union Laitière Normande (1988-92), Générale Ultra frais (Groupe Andros, 1992-98), France Champignon (1998-2000) and Marks and Spencer France, whose chairman he was in 2001-2002.

Simultaneously, between 1978 and 2002, Alain Juillet was adviser to the French Department of Foreign Trade.

He became a consultant in international corporate development and crisis management (2002), and later Director of Intelligence at the General Department of Foreign Security (DGSE) (2002-03).

He was appointed Head of Economic Intelligence at the General Secretariat of National Defense under the Prime Minister in 2004.

Alain Juillet taught as Associate Professor of Corporate Strategy at the CPA (1988-2002), and as a Lecturer at the Institute of Political Science in Paris.

He also teaches economic intelligence at the National School of Administration and at the National College of the Judiciary.

He was lecturer at the Higher Institute of Defense Studies (IHEDN) (1987-88) and at the Higher Institute of Domestic Security (Ihesi) (1989-90).

For the past seven years he has headed the Opéra Eclaté Theater Company.

He is presently a Senior Adviser with the firm of Orrick Rambaud Martel, where he is responsible both domestically and internationally for contracts, mergers and acquisitions, reorganizations and crisis management.

Alain Juillet is a Higher Officer of the Legion of Honor, a Knight of the National Order of Merit, of Academic Merit and of Arts and Letters, as well as an Officer of Agricultural Merit.

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