

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

Renault (security code: -)

<Outlook Change>

Foreign Currency Long-term Issuer Rating: A-
Outlook: from Negative to Stable

<Affirmation>

Bonds: A-

Rationale

- (1) Renault is a leading European carmaker based in France. The Company has a solid operating base in Europe centering on France. It aggressively implemented a massive fixed cost reduction project while working to improve its cost structure based on its alliance with NISSAN MOTOR CO., LTD. (Nissan) (security code: 7201) as its operating performance deteriorated in 2020 due to the impact of the COVID-19 pandemic. Its profit performance severely worsened due mainly to the pandemic in 2020. However, the Company bounced back to an operating surplus and a bottom-line profit in the first half of 2021, helped in part by the recovery of car sales amid subsidence of the pandemic. While attention needs to be paid to the possible impact of the semiconductor shortage, JCR expects that Company's performance will turn recovering again in the fourth quarter of 2021 and will keep improving after 2022 as the resurgence of the pandemic in summer has already begun to be contained. Against this backdrop, the Company's financial structure, which deteriorated in 2020, is also expected to improve, albeit gradually, in the medium term. Based on the above, JCR has changed the rating outlook from Negative to Stable.
- (2) Renault has an alliance with Nissan, where it is the biggest shareholder with a 43.4% stake, and Mitsubishi Motors Corporation (Mitsubishi Motors) (security code: 7211), which is Nissan's equity-method affiliate. The alliance comprising the three companies sold 7.8 million cars in 2020 to rank third in the world. Of Renault's car sales totaling 2.95 million units in the year, almost half were sold in Europe. Renault retains a market share of around 10% in the European car market and holds a leading position in the European electric vehicle (EV) market. In its global operations, Renault runs car manufacturing subsidiaries in Romania, Russia and South Korea along with the above-mentioned alliance. In addition to its conventional flagship cars in B class and entry-level vehicles, it has been focusing in recent years on expanding sales of C class cars including SUVs. Renault's initiative to reinforce the tripartite alliance calls for each of the three partners to focus on the areas where it has strength and leverage mutual cooperation and support in other areas. JCR will keep watching how the initiative will work out in the future.
- (3) Renault saw its total car sales drop 21.3% in 2020, out of which its sales in Europe fell 25.7%, slightly underperforming those in the global market. However, it kept its share in the European market at 10.6%. Its sales in the markets outside of Europe fell 16.5% due mainly to reduced sales in South America and Africa. The Company incurred a huge loss in the year due to reduced car sales and a heavy equity-method loss resulting from Nissan's poorer performance. However, it posted a EUR0.37 billion bottom-line profit in the first half of 2021 on the recovery of global car sales brought by the containment of the pandemic, the effect of its cost reduction initiative and an equity-method profit resulting from Nissan's better performance. The Company has set out its project to cut EUR2 billion worth of fixed cost over the three years from 2020 and has implemented it ahead of schedule. JCR expects that its operating performance will turn improving especially after the fourth quarter of 2021 due partly to subsidence of the pandemic. Moreover, the Company is pushing ahead with the initiative to strengthen the alliance such as standardization of parts and chassis and a strategy to expand its EV business. JCR will watch how they will prove effective in recovering the Company's performance.
- (4) The deterioration of the Company's financial structure is being put under control. Its controlling shareholders' equity capital ratio rose from 21.4% at the end of 2020 to 23% at the end of June 2021. The net debt position of its Automotive Division (excluding car sales finance) decreased to EUR2.7 billion at the end of June 2021. The division's equity ratio also rose from 36.1% to 38.2%

in the same period. JCR holds that the Company will be able to improve its financial structure in the medium term by maintaining its free cash flow through an improved performance and a restraint on capital investment.

Toshihiko Naito, Yoshihiko Tamura

Rating

Issuer: Renault

<Outlook Change>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

<Affirmation>

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Japanese Yen Bonds 20th Series (2017)	JPY 26.6	Jul. 6, 2017	Jul. 6, 2022	0.50%	A-
Japanese Yen Bonds 22nd Series (2018)	JPY 18.3	Jul. 3, 2018	Jul. 3, 2023	0.49%	A-
Japanese Yen Bonds 23rd Series (2021)	JPY 40.0	July 6, 2021	July 6, 2023	1.03%	A-
Japanese Yen Bonds 24th Series (2021)	JPY 110.0	July 6, 2021	July 5, 2024	1.54%	A-

Rating Assignment Date: October 14, 2021

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014) and "Automakers and Auto Parts Manufacturers" (March 26, 2012) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Renault
Rating Publication Date:	October 18, 2021

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset

quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Renault	Issuer(Long-term)(FC)	September 19, 2003	A-	
Renault	Issuer(Long-term)(FC)	August 2, 2004	A	
Renault	Issuer(Long-term)(FC)	September 6, 2005	A	
Renault	Issuer(Long-term)(FC)	September 8, 2006	A	Stable
Renault	Issuer(Long-term)(FC)	August 20, 2007	A	Stable
Renault	Issuer(Long-term)(FC)	October 24, 2008	A	Stable
Renault	Issuer(Long-term)(FC)	December 17, 2008	A	Negative
Renault	Issuer(Long-term)(FC)	February 27, 2009	A-	Negative
Renault	Issuer(Long-term)(FC)	September 30, 2009	BBB+	Stable
Renault	Issuer(Long-term)(FC)	November 26, 2010	A-	Stable
Renault	Issuer(Long-term)(FC)	December 9, 2011	A-	Stable
Renault	Issuer(Long-term)(FC)	March 15, 2013	A-	Stable
Renault	Issuer(Long-term)(FC)	March 20, 2014	A-	Stable
Renault	Issuer(Long-term)(FC)	February 26, 2015	A-	Stable
Renault	Issuer(Long-term)(FC)	March 31, 2016	A-	Stable
Renault	Issuer(Long-term)(FC)	March 24, 2017	A-	Stable
Renault	Issuer(Long-term)(FC)	March 20, 2018	A-	Positive
Renault	Issuer(Long-term)(FC)	September 4, 2019	A-	Stable
Renault	Issuer(Long-term)(FC)	October 5, 2020	A-	Negative
Renault	Japanese Yen Bonds 20th Series (2017)	June 29, 2017	A-	
Renault	Japanese Yen Bonds 20th Series (2017)	March 20, 2018	A-	
Renault	Japanese Yen Bonds 20th Series (2017)	September 4, 2019	A-	
Renault	Japanese Yen Bonds 20th Series (2017)	October 5, 2020	A-	
Renault	Japanese Yen Bonds 22nd Series (2018)	June 26, 2018	A-	
Renault	Japanese Yen Bonds 22nd Series (2018)	September 4, 2019	A-	
Renault	Japanese Yen Bonds 22nd Series (2018)	October 5, 2020	A-	
Renault	Japanese Yen Bonds 23rd Series (2021)	June 29, 2021	A-	
Renault	Japanese Yen Bonds 24th Series (2021)	June 29, 2021	A-	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Toshihiko Naito, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



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