

Internal Audit Charter

Renault Group
Automotive Division



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01 Foreword

This charter defines and specifies the mission, role, and responsibilities of Internal Audit within the automotive division of Renault Group. It has been approved by the Chief Executive Officer and by the Chairman of Renault Group, as well as by the Audit and Risks Committee of the Board of Directors.

The rights and obligations of auditors and auditees are also defined to ensure compliance with ethical, professional and organisational standards.

This charter refers to international standards for the internal auditing profession and to the International Professional Practices Framework of the Institute of Internal Auditors.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve organisation's operations.

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

Source: IIA (Institute of Internal Auditors)

02 Role and responsibilities

Internal Audit provides an independent, objective assessment of corporate governance, risk management and control processes, as defined within the Group. Through its recommendations, it provides additional security and contributes to the overall performance of the business.

The role of Internal Audit is to:

- assess compliance of processes and enforcement against applicable rules, standards, laws and regulations;
- examine the effectiveness of the processes and operations carried out;
- test the quality of the checks carried out by operational staff and by support and control functions;
- suggest areas for improvement and simplification in the form of recommendations;
- fight against fraud and corruption; and
- check that recommendations have been implemented effectively.

The Internal Audit Department can call upon external service providers to perform certain tasks or for specialized work. In such case, the Department has a supervisory role in ensuring that this charter is applied.

03 Independence, organisation and reporting line

Independence

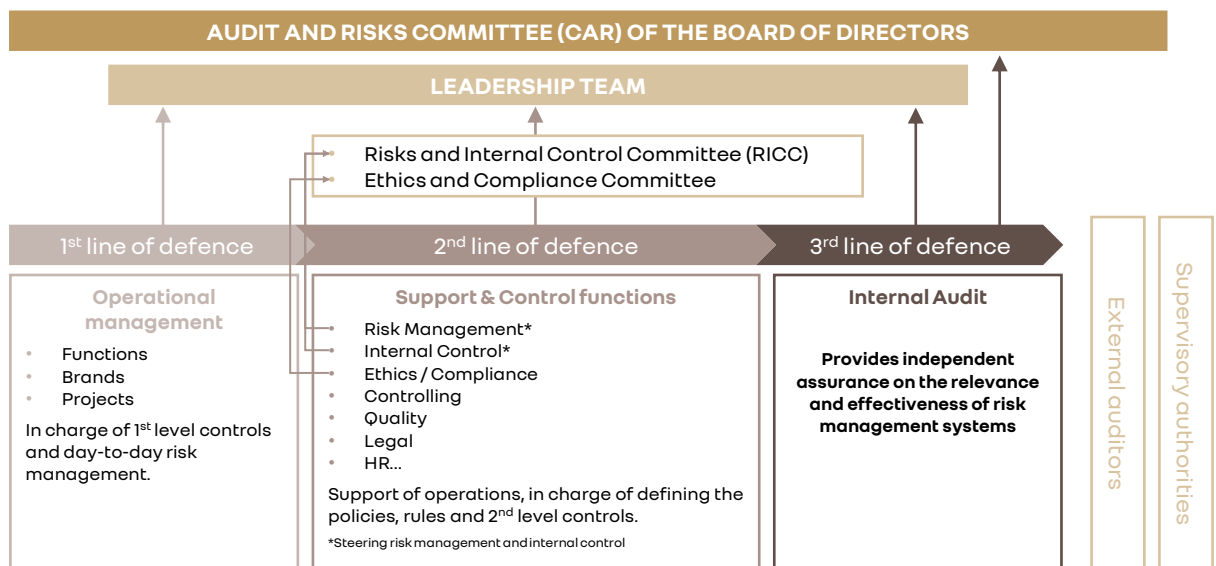
The independence of Internal Audit is inherent and instrumental to carry out its role.

The Internal Audit Department is free to define the scope and nature of its work and to communicate its opinion and findings without any interference.

In order to preserve this independence, internal auditors are protected by the provisions of this charter.

Organisation

The various risk control system stakeholders within Renault Group are organized into three lines of defence, as featured in the table below. Within this organisation, the Internal Audit Department acts as the third line of defence.



Reporting line

The VP Internal Audit reports to the Chief Executive Officer of Renault Group via the Group Chief Audit & Risk Officer. The VP Internal Audit and the Group Chief Audit & Risk Officer have a direct and unlimited access to the Chief Executive Officer and the Chairman of the Board of Directors to ensure the independence of the Internal Audit function.

The VP Internal Audit maintains a close and continuous relationship with the Audit and Risks Committee (CAR) and meets freely with the Chairman of the CAR, at her own request or that of the Chairman of the CAR.

The Internal Audit Department distributes all their reports to the CEO and to the Chairman of Renault Group. Any audit rated "Major risk" is also referred to the Audit and Risks Committee.

The VP Internal Audit quarterly attends the Audit and Risks Committee and presents to the Leadership Team critical issues or a follow-up of overdue A recommendations if deemed necessary.

04 Scope of action

The scope of action of the Internal Audit Department extends to all entities and activities of the automotive business of Renault Group, which excludes Mobilize Financial Services (financial division of Renault Group) as it already has its own Internal Audit Department.

The Internal Audit Department may also audit functions converged with Nissan.

Furthermore, the Internal Audit Departments of Renault Group, Nissan and Mobilize Financial Services cooperate.

Renault Group Internal Audit Department may get involved with partner entities with their consent. For joint-ventures or outsourced activities, Renault Group Internal Audit Department may get involved provided the audit clause of the contract allows it.

The purpose of Internal Audit is to provide an assessment of global functions processes and projects. It does not evaluate individual performance. In addition, auditors may not be involved in areas where they have had responsibilities less than a year ago.

05 Cooperation with auditees and access to information

The Internal Audit Departments has unlimited access to all documents, functions, data, information, procedures necessary to the performance of its role of independent and objective assessment, whether related directly or not to the performance of an audit assignment. It includes unlimited access to any corporate data that could prove useful to draft the audit plan or prepare and perform an audit assignment.

The Internal Audit Department may speak with any staff member of the organisation, regardless of their position.

The independence of auditors must be respected by all involved parties.

Information and documents entrusted to Internal Audit during audits are treated with the required level of confidentiality and integrity, as mentioned in the internal auditors Code of Ethics.

Internal auditors are mindful of the quality of dialogue with auditees all along the conduct of an audit assignment (as described in page 7 of this charter). Internal auditors must notably communicate to auditees all their observations and opinion during the different validation steps before the issuance of the final report so that auditees may provide answers should they want to.

06 Ethics of Internal Auditors

In accordance with the Code of Ethics of the IIA (Institute of Internal Auditors), internal auditors are expected to adhere to and apply the following fundamental principles:



INTEGRITY

The integrity of the auditors is the basis of the trust and credibility given to their judgment.



OBJECTIVITY

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a fair assessment of all relevant circumstances and are not influenced in their judgement by their own interests neither by those of others.



CONFIDENTIALITY

Internal auditors respect the value and ownership of information they receive and do not disclose it unless mandated to do so by law or professional obligation.



COMPETENCY

Internal auditors apply the knowledge, skills and experience needed in the performance of internal audit activities.

These different principles are gathered in the Internal Auditor Code of Ethics, which must be signed by all Renault Group auditors at their arrival in the Department formalizing their commitment to respecting it.

More generally, the auditors fully adhere to the Fundamental Principles for the Professional Practice of Internal Auditing (IIA framework).

07 Audit plan and conduct of an Internal Audit assignment

Audit plan

An audit plan established annually by the Internal Audit Department and covers several financial years. This plan is drafted following a risk-based approach in order to define priorities consistent with the objectives of the organisation and audit the most important inherent risks.



The audit plan is based on a **risk analysis** covering all the activities of the Group



The audit plan is carried out with **adequate and sufficient resources**



The audit plan is **validated by the CEO and by the Chairman of Renault Group** and approved by the CAR

Conduct of an Internal Audit assignment

An Internal Audit assignment includes the following steps:

1 ASSIGNMENT LETTER

An assignment letter is drafted before the assignment and informs the concerned auditees of the audit framework, scope, and objectives.

2 PREPARATORY STAGE

During the preparatory stage, information is collected on the scope to be audited. The audit objectives are then defined based on sponsors' expectations and a risk analysis.

3 OPENING MEETING

The audit assignment starts with an opening meeting with the main auditees to share the risks and objectives of the assignment.

5 OPINION

An opinion is issued by Internal Audit at the end of the assignment and provides an overall assessment of the level of control of the audited activities: risk under control (green), moderate risk (yellow), significant risk (orange) or major risk (red).

4 ANALYSIS STAGE

During the analysis stage, the auditors identify the strengths and weaknesses of the audited scope and carry out a review following adversarial principle.

The auditors' work is based on interviews (with actors directly involved in the audited scope and with any other person they choose to meet), compilation and analysis of documents and tests. The Internal Audit Department is responsible for its methodology and for the scope of its investigations.

6 CLOSING MEETING

A closing meeting with the auditees is held at the end of the audit assignment to validate the findings and recommendations, which are brought to the attention of the managers of the audited activities throughout the course of the assignment.

7 DRAFT RAPPORT

After sending the draft report, the formal comments of the auditors on the findings and recommendations are gathered to ensure an adversarial and transparent process.

8 FINAL REPORT AND EXECUTIVE SUMMARY

The report and the executive summary are systematically distributed to the auditees, the functions/brands/projects concerned, to the CEO and to the Chairman of Renault Group. The executive summary is also sent to the Statutory Auditors and the CAR for assignments rated "major risk".

10 IMPLEMENTATION OF RECOMMENDATIONS

The Internal Audit Department ensures that the recommendations are implemented. It prepares a six-month progress report on A and B-graded recommendations for the Leadership Team and the CAR.

If the action plans related to B-graded recommendations have not been fully implemented after 24 months, the auditees remain responsible for the associated risks, but the Internal Audit Department ceases to monitor them. This situation is formalized in an email to the auditees and to the concerned members of the Leadership Team.

9 ACTION PLAN

Based on the recommendations made in the audit report, the auditees define an action plan, which is approved by Internal Audit. The recommendations are categorised according to three levels of criticality (high, medium, and low, graded as A, B and C respectively).



**Renault
Group**

Internal Audit Department | February 2023

Photo credits: Benoît Chimenes (photographer), Renault Group – Design Department (photo agency)