

## LOCAL SOCIAL IMPACT

*G4 indicators: G4-DMA, G4-EC1, G4-EC8, G4-SO1*

*GRI Standards:*

*102-4: Location of operations*

*203-2: Indirect Economic Impacts*

*204-1: Procurement Practices*

*413-1: Local Communities*

As part of our corporate social responsibility, we seek to make a positive social impact on the local communities around our sites. In 2017, we conducted two socio-economic studies to measure Sanofi's footprint.

In addition to that, through social impact, we contribute to local economic development by hiring employees locally, introducing recent graduates to the world of healthcare, helping local small- and medium-sized companies, purchasing locally, improving the quality of life of people living around our sites.

### I. CONDUCTING SOCIO-ECONOMIC STUDIES TO MEASURE SANOFI'S FOOTPRINT

#### 1. Measuring Sanofi's economic and social footprint in France

In 2017, Sanofi France commissioned an independent economic organization to measure its value-creation on the French territory<sup>1</sup>, in particular the impact of its activity on the entire supply chain, and on households and public institutions.

All of Sanofi activities are represented in France; research, production and distribution, support functions. Its global headquarters is in Paris and the global headquarters of the vaccine entity is in Lyon. The spillover effects on the economy are therefore significant.

Sanofi has a very strong industrial presence on the French territory, with 18 out of its 80 worldwide factories located in France. French industry represented 19.6% of French GDP in 2016<sup>2</sup> and Sanofi is a major contributor to the sector. This industrial intensity drives an entire ecosystem of suppliers on the territory including companies specialized in advanced or high-tech equipment suited to the regulatory and safety requirements of the pharmaceutical sector.

€1.4 billion was invested in those sites over the past five years. They employ more than 13,000 people and export to more than 130 countries. Nearly Sanofi exports €12 billion of medicines each year: this represents 40% of the total exports of the French pharma sector.

Whenever Sanofi sells €1 of medicine in France, a further €6 is exported. This international dimension is at the heart of Sanofi France's economic model as exports account for 85% of Sanofi's French operations (1.8 times more than the sector, whose average exported turnover is 47%). 30% of Sanofi's worldwide production is made in France. By

<sup>1</sup> The Economic and R&D Footprint of Sanofi in France - A quantification of the economic spillover effects of Sanofi in France - @WIFOR, October 2017.

<sup>2</sup> World Bank, 2016, industry indicators as a % of the GDP - Also valued at €360 billions (industry indicator, added value in constant local currencies).

opening up internationally, Sanofi France transforms the growth opportunities represented by global health issues into economic value in France (investments, jobs, exports).

Sanofi France's strategic position in R&D helps distinguish itself from other pharmaceutical multinationals. Here again, a whole ecosystem of public and private innovation is boosted by Sanofi's R&D, and in particular the numerous research partnerships (20% of the Sanofi's global collaborations).

Sanofi's R&D in France represents 45% of Sanofi's global R&D budget and 40% of the resources of the project teams. Sanofi is the leading private investor in R&D<sup>3</sup> across all industries for companies headquartered in France.

### **Sanofi's contribution to GDP: €7.3 Billions**

All of Sanofi activities in France generate a direct added value of €3.4 billion, which represents 25% of the French pharmaceutical sector. The added value created through its suppliers and economic partners is added brings an additional €1.9 billion (indirect added value). Finally, taking into account all the spillover effects (consumption of employees, social contributions and taxes) this represents a total of €7.3 billion.

### **Contributing to employment: Sanofi multiplier effect**

In 2016, 75,600 direct, indirect and induced jobs were supported thanks to Sanofi's activities in France. This includes all direct jobs at the company's 35 French sites (25400 or 25% of the pharmaceutical sector), indirect jobs with suppliers (24,500) and induced jobs (25,700) linked to spillover effects into all the activities on the French territory such as health services, education and consumption.

Thus one Sanofi job in France supports two additional jobs (1 direct job + 1.96 jobs supported = 2.96 jobs for the economy).

This ratio is slightly lower than that of the sector (1 + 2.82 = 3.82), due to the strong internalization of Sanofi's economic model, especially the entire production chain including logistics, while other pharmaceutical companies present in France rely more extensively on external manufacturers and logistics providers

The 25400 direct Sanofi jobs in all 35 sites (R&D, production, tertiary) support as many indirect jobs, particularly due to the intensity of procurement from over 10,000 suppliers across the whole French territory.

Last year, more than a quarter of Sanofi's global purchases were made with French companies<sup>4</sup> for a value of €2.7 billion. This has a major economic driving effect; the value of these purchases is higher than the turnover achieved by Sanofi in France. Furthermore, a significant part of these purchases (nearly 15%) goes to French SMEs that Sanofi also support with a dedicated project: "Plan PME". This initiative has already contributed to the 2500 job creation with our partner companies.

Sanofi's economic model, focused on international expansion allows this specificity: the revenues from export markets are reinvested in France to increase the company's competitiveness, creating sustainable value on the territory.

## **2. Measuring Sanofi's economic, environment and social footprint at site level**

One of the questions raised by the CSR stakeholders panel was the measurement of Sanofi's territorial footprint. A working group of stakeholders has proposed a definition of the Sanofi ecosystem as well as a set of economic, social and environmental indicators. Following this working group, a methodology for measuring Sanofi's territorial footprint was developed.

The goal of this project is test an evaluation methodology of the social, environmental and economic footprint on three different sites of Sanofi. The final objective is to define an evaluation methodology that could apply globally to all Sanofi's sites.

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<sup>3</sup> IRI - The 2016 EU Industrial R&D Investment Scoreboard.

<sup>4</sup> Companies operating in France

- The territorial footprint aims to measure the environmental, social and economic impact of the activity of a site or a company on a given territory or its most direct area of influence.
- It also aims at evaluating exchanges between the site and its territory from a quantitative (m<sup>3</sup> of water collected, number of school partnerships, number of jobs created) and qualitative (pro-activity of the site's management on local issues, identification of common challenges ) point of view. It will highlight the local commitment of the company and stresses its contribution and implication to the wealth and life of the territory.
- Stakeholder perceptions are also assessed and the company's involvement in territorial issues is measured by evaluating the principles and strategies implemented by the local public authorities (France: Local Agenda 21, Territorial-Energy Climate plans, Natural and Technological Risk Prevention Plans or Urban Travel Plan) and international standards (SDGs, Human Rights ...).

The measurement of the territorial footprint is above all, a tool for decision making intended for sites directors. It will provide them information to enhance dialogue with their local stakeholders and strengthen their CSR and local rooting strategies.

## II. HIRING LOCALLY

Sanofi employs more than 110,000 people in 100 countries. In every country where Sanofi has an affiliate, we contribute to local economic development by hiring employees locally.

## III. INTRODUCING RECENT GRADUATES TO THE WORLD OF HEALTHCARE

### 1. Work-study Contracts

Attracting, selecting and developing new talents while contributing to building the next generation of leaders is vital for Sanofi. We continue to strengthen our reputation and strive to remain a preferred employer.

Access to a first job is a real stake for young graduates; and being in a professional environment during their studies represents an opportunity to better prepare to working life. Therefore, work-study contracts are efficient solutions. Sanofi has set-up a work-study policy and has implemented several actions.

As a global and diversified healthcare leader focused on patients' needs, Sanofi offers careers with a higher purpose, starting with our internships and entry-level programs. The company's relationships with targeted schools and universities provide students with numerous opportunities to learn about the company then to apply to work at Sanofi.

Sanofi offers 12 to 24 month assignments abroad with our affiliates worldwide through the Sanofi Volunteer Program (SaVIE), which is open to citizens of the European Union under the age of 28. This program is greatly appreciated by business entities and participants, as it provides an opportunity to develop individual skills and an international career path. In order to help selected school and university graduates develop their talents and abilities, Sanofi offers internships and has established development programs in several countries to introduce recent graduates to the world of healthcare.

### 2. Offering students the opportunity to learn about the pharmaceutical industry

Sanofi has set up collaborative projects with selected schools and universities worldwide, offering students the opportunity to learn about a wide range of jobs in the pharmaceutical industry and meet our future medical innovation needs.

Sanofi participates in job fairs and various youth career events attended by students and representatives of top-ranking worldwide universities and pharmacy faculties. We also undertake partnership initiatives at middle schools and high schools where we introduce younger pupils to jobs in the pharmaceutical industry, which may help them, build their educational and career path. In many countries, Sanofi organizes site visits for university students and middle-school pupils for them to be acquainted to the pharmaceutical industry. These visits strengthen the links between educational institutions around Sanofi sites. Various countries form these collaborative ties with Sanofi. A sampling of initiatives is presented below.



## France

In France, Sanofi is partnering with the government and different organizations (LEEM, UIC, OPCA Défi, etc) to foster its student-apprentices employability. In 2017, 5 forums have been organized to link graduates to enterprises and young entrepreneurs were supported by the Essaimage unit. Approximately, 1500 students benefited from these programs.



## Canada

In Canada, Sanofi is investing in youth through its largest sponsorship program, the Sanofi Biogenius Canada (SBC). For over two decades, the SBC program has nurtured young minds and fostered great talent for the future, challenging high school students to carry out ground-breaking research projects in the field of biotechnology.

Those selected for the SBC competition are matched with local mentors, giving students hands-on research experience in a professional lab setting. Participants compile their results and present their findings at regional competitions. Cash prizes are awarded and regional winners advance to the National stage, where they vie for the top spot and the chance to compete in the International Biogenius Challenge, held at the prestigious BIO International Convention, the largest biotechnology event in the world. In past years, participants' elite research projects range in topic from cancer and Alzheimer's disease to agriculture and the environment.

This year, 172 participants submitted their projects. Among them, 100 projects were selected and 5 winners awarded. All the 100 projects selected receive a mentorship from a scientific expert and have access to a laboratory.

For more information, see <http://biogenius.ca/what-is-the-sbc>



## Czech Republic & Slovakia

The Sanofi Company and the French Embassy in the Czech Republic has organized a competition for a "Sanofi Prize for Pharmaceutics" in 2017. The goal of this competition is to recognize the best research work of Czech PhD students and young scientific workers in all fields of pharmaceutical sciences, including their biological and chemical aspects. Every university may enter all participants in the nationwide finals of the competition. 60 students benefited from this program.

## IV. HELPING LOCAL SMALL AND MEDIUM-SIZED COMPANIES AND PURCHASING LOCALLY



## France

For over 30 years, Sanofi has operated dedicated entrepreneurial units (SME Plan, *Sanofi Développement* and the Sanofi entrepreneurial start-up unit) to drive local economic development for more than 40 sites in France by promoting sustainable job creation and encouraging individual entrepreneurial initiatives.

Sanofi Développement provides support for the development of very small enterprises (VSEs) and small and medium-sized enterprises (SMEs) as well as start-ups to help accelerate job creation, especially in the healthcare, industrial and business services fields, as part of the Sanofi SME Plan implemented in 2015.

The aim of the SME Plan is to raise the profile of these initiatives and improve how they are coordinated and structured, thereby unlocking new synergies and putting Sanofi at the forefront of leading companies in relations with SMEs and start-ups. Looking beyond the traditional principal/subcontractor relationship, start-ups and SMEs can be

seen as an essential link in the value chain. By supporting them, we help ensure their long-term viability while acting as a responsible company.

Since 2015, Sanofi has supported some 50 SMEs and Start-ups to speed up their economic development and job creation. These companies benefit from funding, networking with other major companies (purchasing or business development directions), help for their recruitment campaign by taking part to “First Job” forums organized by the LEEM (pharmaceutical companies federation), support with their skills development by taking part to the internal trainings of Sanofi for professional development, support through skills based sponsorship and finally guidance for their international development.

In 2017, thanks to its SME Plan, Sanofi was awarded with the highest score (A) by the SME’s Observatory (Observatoire des entreprises de Pacte PME) and the label “Responsible Supplier Relationship” from the Economic Ministry was renewed. Sanofi holds this label since 2013.

In October 2017, Sanofi brought together in Lyon around 100 SMEs and start-ups business leaders with major players from business and the public sector. At this event, we outlined our SME and Start-Up Plan via shared experience sessions.

In addition, since 2012 Sanofi appointed an internal mediator, independent of the procurement function, in charge of facilitating the resolution of work-related differences between Sanofi and our suppliers with neutrality, impartiality and confidentiality.

Of the total value of purchases made in France during 2016, the percentage of purchases from French SMEs was 12.9%, compared with 13.2% in 2015.

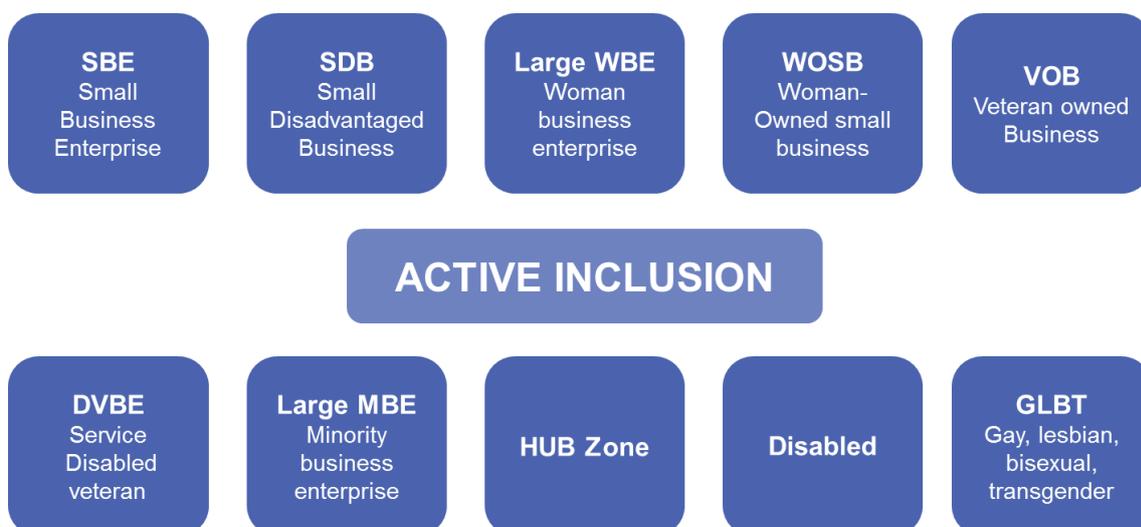


## United States

Sanofi US has engaged with SMEs owned by socially or economically disadvantaged individuals, including minorities, people with disabilities, and veterans. We have also engaged with SMEs located in disadvantaged areas. This initiative demonstrates Sanofi’s commitment to supplier diversity.

In the procurement of goods and services, Sanofi is dedicated to ensuring that opportunities are available to small enterprises and businesses owned by minorities, women, veterans and service-disabled veterans as well as HUBZone businesses and those run by persons with disabilities. This helps us to create a supplier base that mirrors our customer base.

The supplier diversity initiative was created to develop mutually profitable business relationships within the communities we serve.



For example, Sanofi suppliers are certified by organizations such as the New York & New Jersey Minority Supplier Development Council (certifying MBEs) and the Women President Educational Organization (certifying women-owned businesses) for the Lovenox® Hospital Discharge Kits - Easterseals New Jersey.

## V. IMPROVING EDUCATION OF PEOPLE LIVING AROUND OUR SITES

Sanofi improves the level of education and the quality of life of people living around our sites in several ways



### France

**Telemaque program:** Sanofi France mentoring underserved middle school kids for them to have equal educational opportunities. Thanks to the partnership with Institut Telemaque, each Sanofi employee can sponsor middle schools kids who wish to succeed in their studies despite the difficulties that may be linked to their social environment.

For more information:

[http://mysanofi.sanofi.com/sites/CSR/N/Pages/L1q0FdBf/Mentoringmiddleschoolkidstohelpthemgeteq\\_ENU.aspx?DisableMultilingualRedirection=true](http://mysanofi.sanofi.com/sites/CSR/N/Pages/L1q0FdBf/Mentoringmiddleschoolkidstohelpthemgeteq_ENU.aspx?DisableMultilingualRedirection=true)



### Turkey

**Women Leaders of the Future program:** Sanofi Turkey helping underserved young women get prepared for business life. Since 2010, Sanofi Turkey has been working strenuously to contribute to young women employment through the Women Leaders of the Future program which was initiated by the KAGİDER (Women Entrepreneurs Association of Turkey) and the World Bank.

For more information:

[http://mysanofi.sanofi.com/sites/CSR/N/Pages/L1q0FdBf/SanofiTurkeyhelpingunderservedyoungwomen\\_ENU.aspx](http://mysanofi.sanofi.com/sites/CSR/N/Pages/L1q0FdBf/SanofiTurkeyhelpingunderservedyoungwomen_ENU.aspx)



### Czech Republic & Slovakia

**First aid lessons for elementary schools program:** Sanofi Zentiva, as a responsible drugs producer, educates children on how to deal with situations when first aid is required. Due to absent educational first aid lesson in basic school Sanofi Zentiva launched the first wave of lesson in Central Bohemia region in 2014 in cooperation with Emergency Medical Service of the South Moravia Region and the Plzeňský region, under the auspices of the Governors of each region. In 2017, 11,000 students benefited from this campaign "First aid lessons for elementary schools".



### Ireland

**Sanofi Laptop program:** Sanofi Ireland refurbished 10 old laptops and provided to local schools of disadvantaged students.

For more information on the Sanofi initiatives for a positive social impact on the local communities around our sites via employee engagement please, see the Fact Sheet Employee Engagement in the Documents Center.