

SANOFI'S CSR MATERIALITY, STRATEGY & GOVERNANCE

G4 indicators: G4-18, G4-19, G4-20, G4-21, G4-24, G4-27, G4-56

GRI Standards:

102-40: List of stakeholder groups

102-44: Key topics and concerns raised

102-46: Defining reporting content and topic boundaries

102-47: List of material topics

I. CSR MATERIALITY

Sanofi's CSR ambition is based on our business priorities and in-depth stakeholder dialogue. We have a longstanding experience in the realization of materiality assessments which are based on a robust methodology aligned with sustainability standards, such as the GRI framework.

These evaluations have been performed through a formalized stakeholders' engagement process, starting in 2010, enriched in 2013 with over 100 internal and external stakeholders, and focused on environmental topics in 2015. In 2016, Sanofi launched its stakeholder panel, gathering over 40 external stakeholders from around the world, to bring their insights in the update of our CSR roadmap.

Late 2017, and in the light of the European Directive on Extra Financial information, Sanofi conducted a "materiality refresh" to update its list of material topics, which is described in the section "Materiality at Corporate level".

Key milestones of stakeholder engagement:



1. Materiality at Corporate level

In 2017 and early 2018, we conducted an exercise that we called "Materiality refresh" to update our list of material topics. This updated list serves as the basis for both the implementation of the GRI Standards and the European Directive on Extra Financial information, applicable in France from 2018 on.

We first established a long list of 30+ topics based on

- Questions from rating agencies (DJSI, MSCI and Sustainalytics),
- Questions received from SRI investors stored in our database Moka (2015 to 2017),
- Materiality matrix for the pharma industry from SASB, Oekom, RobecoSAM and Vigeo/Eiris,
- Result of a survey to SRI investors performed in January 2017,
- Result of a survey to Sanofi employees performed in February 2017,
- The topics discussed with the International stakeholder panel in 2017,
- List of controversies listed in agencies' reports (MSCI, Sustainalytics, Oekom, Vigeo/Eiris mainly).

We then prioritized the topics:

- For the external stakeholders, the prioritization was based on the weight given to each topic by the agencies or stakeholders surveyed,
- For the internal stakeholders, the prioritization was the result of a workshop with employees.

We then took into consideration the following additional topics

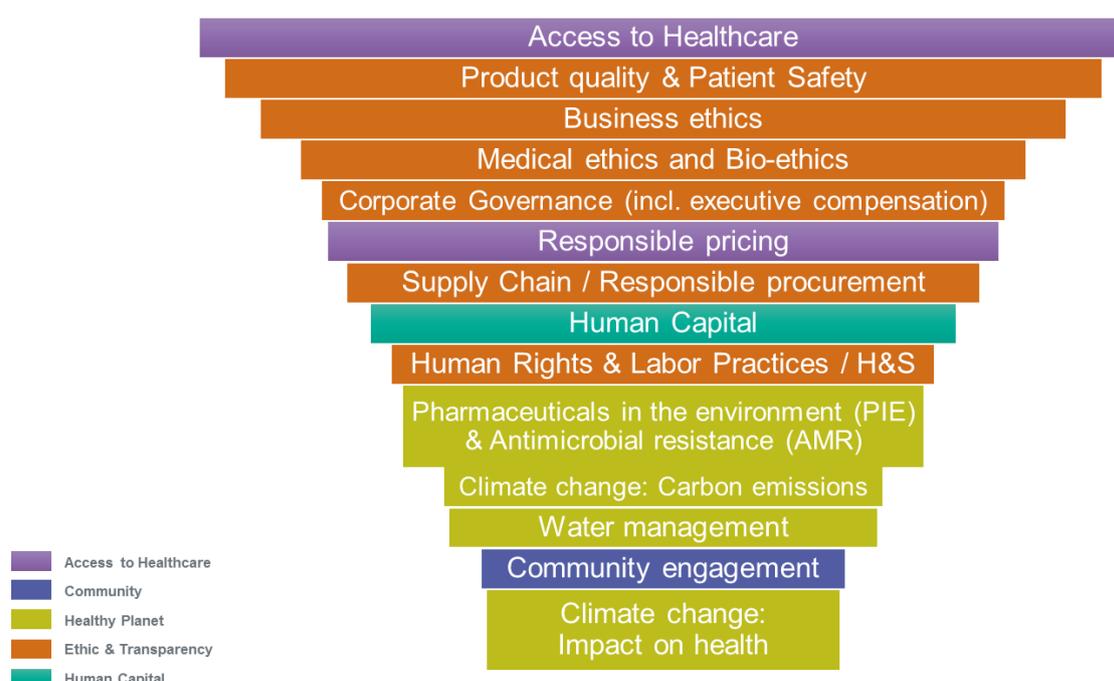
A risk perspective: Based on CSR risk cartography, we added elements to the list of material topics that were not mentioned by the above mentioned stakeholders but important for the company from a risk perspective. This work led us to add some elements to complete the list of topics, taking into account potential impact on patients, business and/or image & reputation.

A regulation perspective: especially, the reporting obligations required by regulations, in particular;

- "Art 173": the French regulation related to reporting on Climate change,
- Duty of Vigilance: the French corporate law which establishes a legally binding obligation for parent companies to identify and prevent adverse human rights and environmental impacts resulting from their own activities, from activities of companies they control, and from activities of their subcontractors and suppliers,
- and the Sapin II law: the French anti-corruption law addressing transparency, anti-corruption and economic modernization.

As a result a short list of 14 material topics was established.

It is presented here below, by order of materiality, taking into account both external and internal prioritizations.



We are committed to set up targets as defined below:

Topic	Targets	Reference
Access to healthcare, including Pricing	Yes	Integrated Report 2017
Human capital	Yes	
Carbon footprint incl. Climate change & health	Yes	2017 Chapter 4 of the registration Document (DDR 2017)
Water	Yes	
Pharmaceuticals in the environment incl. Anti-Microbial Resistance	Yes	

2. Local materiality analysis

To cascade our Global CSR strategy, we have developed a local materiality analysis toolkit that will help our colleagues in local markets. This toolkit has three main objectives:

- To serve as a reference on materiality and CSR strategy,
- To introduce the affiliates to the concept of local materiality analysis,
- To offer guidance in materiality through step-by-step instructions.

The two-step toolkit ensures that materiality is assessed in a consistent way across different geographies. It involves working closely with all Global Business Units and Functions in the country:

- The **first step** is to engage with local internal stakeholders and identify gaps between local realities and global priorities by performing a gap analysis of all activities.
- The **second step** is to engage with internal and external stakeholders by conducting a local materiality test in order to raise awareness, build recognition for their efforts, and provide feedback and opportunities.

Accompanying tools in Excel (gap analysis tool, mapping of internal and external stakeholders, materiality matrix, etc.), Word (discussion guides for internal and external stakeholder interviews) and PowerPoint (results presentation, action plan, etc.) help local CSR teams perform diagnoses, identify and engage with stakeholders, create a materiality matrix and decide on their CSR action plan.

In 2017, the tool kit was revised in line with the new CSR strategy and provided to countries that wish to conduct their own materiality analysis. Germany used the tool kit and devised their local CSR strategy together and developed their own action plan.

https://www.sanofi.com/media/Project/One-Sanofi-Web/sanofi-com/common/docs/download-center/CSR_Report_2016_Germany.pdf

For more information, please [contact us](#).

II. CSR STRATEGY

Our Corporate Social Responsibility (CSR) strategy is the outcome of our materiality analyses, ongoing stakeholder engagement and permanent dialogue with Sanofi executives and representatives from business and support functions.

This collaborative approach has helped us highlight key material topics related to our CSR pillars in order to adapt our CSR strategy to business and societal challenges.

Our CSR strategy confirms our renewed commitment to contributing to major CSR challenges our world faces, by focusing on three pillars, relying on our ethics & transparency, at the core of everything we do.

An annual review of CSR strategy and performance is performed by the Board (see III. CSR Governance).

Our CSR commitments ensure that the value created by Sanofi is shared and sustained. We share this value by extending access to healthcare to underserved patients and providing a positive contribution in our communities, focusing on the greatest needs where we can have the greatest impact. We sustain our value creation by acting responsibly, limiting our impact on the environment and ensuring high standards of ethics and transparency at the core of everything we do.

Our 2017-2020 CSR strategy and focuses on 3 pillars:

- Improving access to healthcare for underserved patients.
- Developing our communities to create a sustainable ecosystem and engaging our employees for youth and future generations.
- Ensuring that environmental considerations are part of our decision-making process.



III. CSR GOVERNANCE

1. Sanofi CSR governance

The Sanofi Board considers issues related to the Company's strategy, in line with its concern for the interests of shareholders and other stakeholders, including CSR issues.

An annual review of the CSR strategy and performance is performed by the Board: in March 2018 the CSR Vice President, supported by the CEO, presented the CSR Strategy to the Board, demonstrated how CSR is an opportunity for Sanofi, and shared the evolving context of CSR and the update on the priorities actions and performance.

The Board is also engaged for discrete CSR issues such as the Company policy on equal pay and opportunities, the association of the employees to the performance of the Company through a share capital increase reserved to them, or the Sanofi Pricing policy raised in 2017 for the United States.

More generally, the Board is also engaged through the risk management process. Risks-related matters are dealt within the Board and all its specialized committees on an annual basis, in particular:

- The Strategic Committee is involved in the review of business risks and opportunities.
- The Appointments and Governance Committee is addressing the risk relating to the succession plan for the CEO.
- The Audit Committee reviews the cartography of the risks and risks likely to have an impact on the accounts. In addition to the Statutory Auditors, the Principal Financial Officers, the Head of Internal Audit and other members of senior management of the Company attend Audit Committee meetings and take part in discussions concerning risk exposure and off-balance-sheet commitments.

The European directive on extra financial information applicable in 2019 will reinforce the overlook of the Board on CSR risks.

Our CSR Vice President reports to the Head of External Affairs, who reports directly to the CEO, and who is member of the Executive Committee.

CSR is also involved in many Internal Committees : the Bioethics Committee, the Risk Management Committee, the Access Accelerated Committee (on access to healthcare projects), the Stakeholder Panel, the Planet Mobilization Committee (definition of the environmental strategic roadmap, and its monitoring), the Group Compliance Committee, the Sanofi Espoir Foundation Board, the Sanofi Cares North America Board, and the Enfants de Sanofi Association Board.

2. Sanofi CSR strategy roll-out

Our commitment at CSR is to inspire, foster and promote responsible practices. We raise awareness of key issues, promote best practices and keep stakeholders informed, engaging with them to develop action plans to address Sanofi's specific challenges and improve our business performance. We also coordinate our CSR recognition by investors, rating agencies or shareholders.

The CSR regional network shares our global strategy which is then adapted by countries according to their specific needs.

Countries, regions and CSR partners (communication, Public affairs, Global Health, etc.) are regularly invited to quarterly webinars to ensure discussions around the key topics, evolution of context and exchange of best practices.

The CSR functional network includes corporate functions and GBUs, including Ethics & Business Integrity, Legal, Human Resources, Finance, Health, Safety & Environment (HSE), Industrial Affairs, Quality, R&D, and Medical Affairs. It coordinates the implementation of our CSR strategy across all business activities.

We have developed an e-learning module for all Sanofi employees who want to learn more about CSR. It provides an overview, outlining our CSR strategy and giving real-life examples and key figures concerning each of the CSR priorities. The e-learning module was launched in France in December 2015 and was translated into English, Spanish, German, Portuguese, Czech and Russian in 2016. It is currently being revised according to the updated CSR strategy.