Corporate Social Responsibility

Chapter 4 of the Document de référence 2014*

(*) This is a free translation into English of the "Chapitre 4. Responsabilité sociale, environnementale et sociétale" of our Document de Référence 2014 issued in French and is provided solely for the convenience of English-speaking readers.
This chapter forms an integral part of the Rapport de Gestion, in accordance with the provisions of Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code relating to companies’ obligations of transparency with regard to corporate social responsibility. It has been verified by an independent third party that has been accredited by COFRAC and belongs to the network of one of our statutory auditors. Our statutory auditors’ report, which includes a disclosure statement and an opinion on the fair presentation of the information in this chapter, is presented in Section 4.5.

The information provided in this chapter is organized in accordance with the provisions of French implementing decree (décret d’application) No. 2012-557, with the exception of information relating to occupational health and safety, which is included in the “environment” section because health, safety and environmental issues share a common governance system at Sanofi (for more information, please refer to the concordance table at the end of this report).

The Group’s Corporate Social Responsibility (CSR) strategy focuses on four key pillars: Patient, Ethics, People and Planet. This strategy is in line with the Group’s overall strategy (see Section 2.2.1. of this Document de Référence) and places the patient at the heart of our CSR approach. Sanofi’s CSR strategy is overseen by our CSR Direction, which is run by the Senior Vice President of CSR, who reports directly to the Group’s CEO.

Sanofi performs CSR reporting in compliance with the French “Grenelle II” legislation as well as the recommendations of the Global Reporting Initiative, pursuant to which it received a B+ Application Level certificate for its 2013 report. We are also members of the United Nations Global Compact. Each year, we report on the Group’s progress in upholding the 10 principles established by the Global Compact. In 2014, our Communication on Progress related to 2013 attained the Global Compact Advanced Level.

In addition to the information available in Section 4 “Corporate Social Responsibility,” Sanofi’s CSR commitments, priorities, goals and initiatives are described in its annual CSR report and related media (Download Center, brochures, videos, etc.) available on its website at http://en.sanofi.com/csr/csr.aspx.

4.1. SOCIAL INFORMATION

Sanofi’s Human Resources policy focuses on five strategic areas:

- Building the next generation of leaders at Sanofi;
- Developing Sanofi employees’ key capabilities and skills in order to facilitate the success of Sanofi’s diversified activities;
- Improving our organizational efficiency in a changing and increasingly competitive environment;
- Implementing an organization driven by individual and collective performance and bringing goals, results and compensation into alignment; and
- Embedding the Sanofi culture across the entire workforce to reflect our values, attitudes and principles while respecting the diversity and heritage of our different activities.

The social information provided below reflects consolidated worldwide data for all fully consolidated Group affiliates (see Section “4.4. How corporate social responsibility information is reported: Methodological note”). Certain indicators pertain to a representative sample comprised of five countries (Germany, Brazil, China, the United States and France), which account for nearly 99% of Group employees.

4.1.1. Employment

1.A. Total workforce

The total number of employees contributing to Sanofi’s operations includes employees under contract (all employees who have a contract with Sanofi, including interns and apprentices with contracts), as well as temporary employees and third-party outside sales forces. As of December 31, 2014, the total number of employees reached 121,456, compared with 119,472 as of December 31, 2013 (+1.7%).
4.1.1. Employment

Distribution of employees under contract by activity and region

<table>
<thead>
<tr>
<th>Employees under contract as of December 31</th>
<th>Worldwide 2014</th>
<th>Europe of which France 2014</th>
<th>North America 2014</th>
<th>Other countries(1) 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees under contract (2)</td>
<td>113,496</td>
<td>53,341</td>
<td>26,933</td>
<td>41,528</td>
</tr>
<tr>
<td>%</td>
<td>100.0%</td>
<td>47.0%</td>
<td>16.4%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Distribution by activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>82.3%</td>
<td>83.5%</td>
<td>70.7%</td>
<td>86.5%</td>
</tr>
<tr>
<td>Human Vaccines (Vaccines)</td>
<td>12.3%</td>
<td>11.5%</td>
<td>22.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Animal Health</td>
<td>5.4%</td>
<td>5.0%</td>
<td>7.3%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.
(2) Employees under contract include all employees who have a contract with Sanofi, including interns and apprentices with contracts. They do not include temporary employees or third-party outside sales forces.

As of December 31, 2014, the total workforce reached 113,496 employees under contract (a 1.2% increase compared with 2013). Employees from the Pharmaceuticals, Human Vaccines (Vaccines) and Animal Health activities accounted for 82.3%, 12.3% and 5.4% of employees under contract, respectively.

In terms of regional distribution, the three countries where Sanofi has the most employees are France (26,933 employees, or 23.7% of the worldwide total), the United States (16,717 employees, or 14.7% of the worldwide total) and China (9,294 employees, or 8.2% of the worldwide total), which now fills the number three position previously held by Germany. We are continuing to expand our presence throughout the rest of the world, particularly in emerging countries. Sanofi has a total of more than 19,500 employees, or 17% of its total workforce, in China, Brazil and India.

Distribution of employees under contract by function and region

<table>
<thead>
<tr>
<th>Distribution by function</th>
<th>Worldwide 2014</th>
<th>Europe of which France 2014</th>
<th>North America 2014</th>
<th>Other countries(1) 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales forces</td>
<td>30.1%</td>
<td>15.4%</td>
<td>6.3%</td>
<td>51.1%</td>
</tr>
<tr>
<td>Research and development</td>
<td>14.3%</td>
<td>18.7%</td>
<td>24.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Production</td>
<td>39.1%</td>
<td>50.4%</td>
<td>53.6%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Marketing and support functions</td>
<td>16.5%</td>
<td>15.5%</td>
<td>15.5%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Total employees under contract as of December 31</td>
<td>113,496</td>
<td>53,341</td>
<td>26,933</td>
<td>41,528</td>
</tr>
</tbody>
</table>

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

As of December 31, 2014, our sales forces accounted for 30.1% of employees worldwide, representing an increase of 1.8% overall and 5.3% in the “other countries” category (Asia-Pacific, Latin America, Africa, the Middle East and Japan), compared with 2013. In Europe and North America, sales forces fell by 1.1% and 7.3%, respectively. This decrease is primarily due to job cuts as a result of regulatory constraints and the loss of patents on several major drugs.

Sales forces are increasing in emerging countries where Sanofi’s major growth platforms are located, namely China, Vietnam, India, Pakistan and the Middle East.

The number of R&D employees fell 2.6% compared with 2013. In Europe (-4.9%, particularly in France) and North America (-0.5%), this decrease was primarily the result of a transformation project launched in 2009 to adapt Sanofi’s organization to meet future challenges. In the “other countries” category, the number of R&D employees rose 4.7%.
Overall, the number of production employees remained stable compared with 2013 (+0.8%), falling in Europe (-0.9%), rising slightly in North America (+1.1%) and increasing sharply in the “other countries” category (+4.9%). This rise was due to both the increase in the workforce at the vaccine production site in India in anticipation of the ramp-up of production of the pentavalent vaccine Shan5™ for emerging countries, as well as the increase in the number of production employees in Latin America (Colombia and Brazil) and the Middle East with the acquisition of Global Pharma.

Changes in the numbers of marketing and support functions employees (+4.8%) were seen across all regions and were notably driven by growth in Latin America and Asia.

**Distribution of employees under contract by gender**

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<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>45.2%</td>
<td>45.1%</td>
<td>49.0%</td>
<td>48.6%</td>
<td>50.0%</td>
<td>49.4%</td>
<td>49.5%</td>
<td>49.2%</td>
</tr>
<tr>
<td>Men</td>
<td>54.8%</td>
<td>54.9%</td>
<td>51.0%</td>
<td>51.4%</td>
<td>50.0%</td>
<td>50.6%</td>
<td>50.5%</td>
<td>50.8%</td>
</tr>
</tbody>
</table>

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

The overall proportion of female employees within the Group (45.2%) rose slightly compared with 2013 (45.1%). The proportion of female managers (whose duties involve supervising direct subordinates) was 40.0% in 2014, compared with 39.3% in 2013 (see Section "4.1.5. Equal treatment").

**Distribution of employees under contract by age range**

<table>
<thead>
<tr>
<th>Distribution by age range (Employees under contract)</th>
<th>Worldwide 2014</th>
<th>Worldwide 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under age 21</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Age 21 to 30</td>
<td>18.8%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Age 31 to 40</td>
<td>32.6%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Age 41 to 50</td>
<td>29.8%</td>
<td>30.1%</td>
</tr>
<tr>
<td>Age 51 to 60</td>
<td>16.8%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Over age 60</td>
<td>1.7%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

The average age of employees (40 years, seven months) decreased by six months compared with 2013 (41 years, one month). A total of 75.5% of employees are between the ages of 26 and 50, which represents a slight decrease from 2013 (75.9%). A total of 51.7% of employees are age 40 or under, representing a slight increase from 2013 (51.5%), and 18.5% are over the age of 50, as in 2013.

**Worldwide distribution of employees under contract by seniority**

<table>
<thead>
<tr>
<th>Years of seniority (Employees under contract)</th>
<th>Worldwide 2014</th>
<th>Worldwide 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 35</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>31-35</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>26-30</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>21-25</td>
<td>7.4%</td>
<td>7.9%</td>
</tr>
<tr>
<td>16-20</td>
<td>8.8%</td>
<td>8.6%</td>
</tr>
<tr>
<td>11-15</td>
<td>14.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>6-10</td>
<td>21.3%</td>
<td>21.6%</td>
</tr>
<tr>
<td>1-5</td>
<td>27.0%</td>
<td>27.9%</td>
</tr>
<tr>
<td>&lt; 1</td>
<td>12.2%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>
The average seniority of employees (10 years, 3 months) decreased by five months compared with 2013 (10 years, 8 months). The average seniority of employees in Europe (13 years, 7 months) remains higher than that of employees in North America (9 years, 2 months) and the rest of the world (6 years, 6 months). The average seniority of female employees (10 years, 1 month) is four months less than that of male employees (10 years, 5 months). A total of 60.5% of employees have 10 years of seniority or less, compared with 59.6% in 2013.

1.B. New hires and departures

New hires and departures by region

<table>
<thead>
<tr>
<th></th>
<th>Worldwide</th>
<th>Europe</th>
<th>of which France</th>
<th>North America</th>
<th>Other countries(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of new hires</td>
<td>15,915</td>
<td>13,145</td>
<td>5,551</td>
<td>2,984</td>
<td>1,931</td>
</tr>
<tr>
<td>Total number of departures</td>
<td>14,769</td>
<td>14,191</td>
<td>6,122</td>
<td>2,894</td>
<td>1,706</td>
</tr>
</tbody>
</table>

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

In 2014, Sanofi hired nearly 16,000 new employees, including 52% under permanent contracts. The departure of 14,769 employees was primarily due to resignations (41%), layoffs (30%), the expiration of fixed-term contracts (19%) and retirement (5%).

Layoffs resulted, in particular, from the following:

• The plan launched in 2013 for the transformation of Support Functions, Vaccines, Industrial Affairs and R&D in France. Employee support measures were put in place for the associated departures, which were voluntary (see Section 1.B. Supporting employees during reorganizations in France);
• The plan to transform Commercial Operations in Japan, also launched in 2013;
• The restructuring plan implemented in Morocco in September 2014, which affected Commercial Operations and Industrial Affairs; and
• The reduction of sales forces in the United States and the divestiture of Genzyme CTRM Group.

Of the total number of departures from the Group, 25% were voluntary departures by employees under fixed-term contracts (75% of which were in China, where all new employment contracts are generally renewable fixed-term contracts) and 75% were voluntary departures by employees under permanent contracts, which represents a 4.5% turnover rate for employees under permanent contracts.

Supporting employees during reorganizations in France

With regard to our reorganization projects in France, we are making every effort to provide Group employees with the best career support possible by offering a variety of support measures negotiated with employee representative bodies.

In 2014, Sanofi continued to reorganize activities in France in conjunction with the France 2015 plan announced in October 2012. We completed the process of transforming the operations of certain Group entities in 2014, including SAG (Support Functions), Sanofi Pasteur, Merial, Genzyme Polyclonals and SWI.

The purpose of the France 2015 plan is to:

• Improve the economic performance of Sanofi Pasteur’s industrial units to give them an edge in a global vaccine industry that is increasingly competitive in emerging markets;
• Continue to streamline the organization of Support Functions in line with the Group’s diversification and enhance their efficiency; and
• Base the Group’s long-term viability on new research dynamics.

In this regard, the scope of activities at French R&D sites has been determined:

• R&D activities will be concentrated in the Paris area, Strasbourg, and the Lyon area, with anti-infective research activities being moved closer to teams at Sanofi Pasteur and Merial;
• The Montpellier site will become a Global Center for Development;
• Three platforms will be created at the Toulouse site and will receive support from Sanofi aimed at ensuring their autonomy; and
• Global Medical Affairs and Support Functions (specific to R&D or cross-functional) will be reorganized.

These sites will be adapted over the next few years to enhance inter-site cooperation and develop scientific, academic and private ties among the sites and with the wider community, with the aim of further stimulating innovation and the discovery of new compounds;
In February 2014, Sanofi implemented its plan to transform Sanofi R&D primarily by means of voluntary measures. The support measures under consideration have been discussed as part of the social dialogue with employee representative bodies and are financed entirely by Sanofi. These measures include:

- Organizing internal reassignments within the same local job markets and among different local job markets;
- Implementing a voluntary measure relating to external mobility; and
- Adopting transitional measures for employees who are near the end of their careers (early retirement), making it possible for seniors to take on assignments where they transfer skills and share experience.

For all of the above measures, specific financial incentives will be put in place.

Taking stock of these measures for all entities at the end of 2014 showed that:

- 1,296 employees took advantage of age-related measures, some of them taking on voluntary assignments to assist organizations, local communities or SMEs; and
- 389 employees decided to leave the Group to pursue a business project with Sanofi's support in the form of training or financial assistance.

Sanofi also set up a web portal dedicated to mobility. Accessible to all employees in France, the portal provides support for employees affected by a project, enabling them to structure their approach while broadening the scope of possibilities.

In addition, three developments were announced in 2014:

- One concerned plans to reorganize Group affiliate Sanofi-Aventis France (SAF), with employee support measures set out in a draft agreement concerning a "voluntary departure plan and support measures for voluntary internal mobility." The plan estimates a maximum of 200 voluntary departures between 2015 and 2016 and also includes a component related to hiring. These plans are currently in the information/consultation phase with employee representative bodies;
- Another announcement concerned exclusive negotiations currently underway with Evotec regarding a strategic partnership intended to secure jobs and bolster biomedical research in Toulouse. This project is expected to be finalized during the first half of 2015. Evotec’s acquisition of these activities would be accompanied by a formal agreement to maintain jobs at the site until the first quarter of 2019; and
- With regard to the Quetigny site, which is devoted to dry dosage forms and injectables, Sanofi, through its affiliate SWI, and Delpharm, Europe’s leading pharmaceutical subcontractor, are in discussions regarding the development of the site's operations. The discussions concern Delpharm's acquisition of the site, including the transfer of the employment contracts of all 350 of the site's employees. This plan also includes a substantial investment program intended to strengthen the site's production capacity, as well as a subcontracting agreement between Delpharm and Sanofi with a minimum term of seven years, aimed at maintaining jobs at the site.

1.C. Compensation

Sanofi’s compensation policy is designed to reward individual and team contributions, while also taking overall economic results into account. It aims to promote a culture of performance and encourage the skills required for the Group’s development. The compensation of the Chief Executive Officer and the Chairman of the Board is detailed in Section “1.2.1. Organes d’administration et de direction – 5. Rémunérations” in Chapter 1 of our Document de Référence.

1.C.a. The objectives of Sanofi’s compensation policy

Sanofi’s compensation policy and performance management practices have undergone substantial changes in recent years, particularly with regard to managers. The primary purpose of these changes has been to better reflect collective and individual contributions to the Group’s economic performance. The objectives of Sanofi’s compensation policy are thus to:

- Ensure sound alignment with local market practices to ensure competitive compensation in all countries where we operate;
- Maintain a strong connection between company performance and employee contributions to performance, while ensuring that employees are treated equitably; and

This policy is based on the principles used by the Board of Directors to determine the compensation of the Chief Executive Officer (see Section “1.2. Gouvernement d’entreprise – 5. Rémunérations” in Chapter 1 of our Document de Référence).

These principles may essentially be applied to all managers.

Alignment with market practices

Sanofi aims to assess market trends for each component of compensation:

- Base compensation: assessed in terms of absolute value and year-to-year changes;
• Employee benefits: primarily plans providing for retirement contributions, reimbursement of medical expenses, and death and disability benefits;

• Short-term variable compensation: targeted annual variable compensation; and

• Medium- and long-term variable compensation: mainly includes stock options and performance shares taking into account potential share dilution, the number of beneficiaries and the grant price.

Market benchmarking is generally performed for each country. We compare our practices against those of our local competitors – first and foremost competitors in the pharmaceutical sector but also competitors in other sectors, depending on the business activities in question.

Each year Sanofi takes part in compensation surveys in the various countries where it operates. These surveys are conducted by recognized consulting firms in order to obtain reliable information on local compensation practices. Collected information is used to position jobs at Sanofi in relation to the market.

Sanofi aims to align average compensation levels with the benchmark market median while allowing for broad variations based on individual performance or an employee’s command of his/her duties.

This alignment with market practices is essential in order to attract and retain the talent required to drive our success.

Benchmarking is performed on an annual basis for both base compensation and short-, medium-, and long-term variable compensation. Benchmarking of employee benefits is performed less frequently, given that this component of compensation tends to remain fairly stable over time.

A strong connection between Company performance and employee contributions to Company performance

A substantial portion of the compensation received by managers is variable. This variable component increases with responsibility, and extra emphasis is placed on the medium- and long-term variable component for senior executives.

These principles are in line with market practices and recognize the potential differences in employees’ contributions depending on their level of responsibility.

All variable compensation, whether short-term or medium- to long-term, is subject to the attainment of performance criteria that reflect key factors for the organization’s success. Performance indicators, which are generally financial indicators, are always measurable, quantifiable, specified in advance and made known to beneficiaries.

In order to assess employee contributions and set compensation levels accordingly, a comprehensive performance management process was introduced throughout the Group in 2011. This process involves setting individual objectives and assessing both the progress made toward those objectives and the professional conduct demonstrated in pursuit of them. Individual and team goals are set at the beginning of the year, and progress is assessed at the end of the evaluation period before compensation decisions are made.

Balance between short-term performance and medium- to long-term performance

Short-term performance

Nearly 35,000 employees are covered by an annual individual variable remuneration (IVR) plan, which is the same across all activities and all countries. Targeted variable remuneration levels are primarily based on local market practices. They range from 5% to more than 50% for senior executives, with a Group-wide average of 15%. Sales representatives are covered by a separate compensation system based on the performance of their sales organization.

The annual budget available for variable remuneration is determined based on the level of attainment of key performance indicators (KPIs) specified in advance within each organization. Individual IVR bonuses are then determined by supervising managers based on their evaluation of the employee’s performance, within the limit of the available budget.

Performance indicators generally are financial indicators such as sales, operating results or cost control. For R&D, other indicators such as progress made on key projects are also used. For Industrial Affairs, performance is measured using a combination of indicators that reflects the difference between estimated costs and actual costs.

Two indicators are used to measure Group performance: business net income (see definition in Section “3.1.10. Annexe – Définition des données financières” of our Rapport de Gestion) and actual Group sales growth compared with projected growth for the year. Since 2013, an additional indicator (cash flow) has been used in the aim of optimizing the Group’s cash flow. These Group performance indicators are used for all senior executives eligible for IVR in addition to indicators specific to their entity.

The following additional indicators were also used in 2014:

• For sales organizations at the regional and country level: cash flow optimization indicators in addition to the traditional indicators of business net income and sales; and

• For industrial entities: inventory optimization indicators.

At the beginning of the period, Sanofi’s Executive Committee reviews all the performance indicators and associated objectives to ensure that they are consistent. The Committee also validates achievements at the end of the period.

Medium- and long-term performance

In 2014, performance shares and stock options were granted to nearly 7,800 employees. These grants are conditional on employees’ attainment of performance criteria over three financial years and their continued employment at Sanofi.
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4.1.1. Employment

In 2014, senior management decided to introduce Performance Stock Units (PSU) for certain beneficiaries other than the CEO, who are granted performance shares exceeding certain thresholds. PSUs partially replace performance shares and are subject to the same performance criteria. Upon definitive allotment of the PSUs, beneficiaries receive a cash payment in an amount linked to Sanofi’s share price.

The performance criteria are determined by two indicators measured at the Group level: business net income and return on assets (ROA). The first is assessed with regard to the budget set at the beginning of the year, and the second is assessed with regard to a target set by the Board of Directors at the beginning of the period.

One additional performance criteria, total shareholder return, which is assessed against a panel of competitors, is used to determine the compensation of the CEO.

By granting performance shares or stock options and choosing performance criteria, the creation of value becomes a shared interest for beneficiaries and shareholders alike.

For senior executives, the medium- and long-term variable compensation component is comparable to the short-term variable compensation component.

In accordance with market practices, the number of employees entitled to performance shares and/or stock options is limited in order to ensure that share dilution remains at acceptable levels while offering employees competitive compensation.

Employee share ownership and variable collective compensation
Sanofi regularly establishes employee share ownership plans in an effort to:
• Motivate employees and promote employee loyalty;
• Foster employees’ sense of unity and belonging to the Group;
• Enable employees to share in Sanofi’s growth and success; and
• Align employee and shareholder interests.

As of December 31, 2014, 1.31% of Sanofi’s capital was held by employees, representing a market value of €1.3 billion. Employees have become shareholders primarily through the employee savings plan (top-ups), bonus share issues and capital increases reserved for employees.

We have put in place several variable collective compensation plans, which aim to share the rewards of collective achievements among all employees.

Compensation for new hires and severance pay

New hires
Compensation offered to new hires factors in the following:
• Standard industry compensation levels and components for the position in question;

• The candidate’s professional experience and current level of compensation; and

• Levels and components of compensation for comparable positions within the company.

In any event, the compensation offered to new hires must meet or exceed the minimums set by relevant laws or collective agreements. New hires are offered the same level of employee benefits as employees in comparable positions at Sanofi.

Severance pay
The amount of severance pay that may be granted upon termination of an employment contract factors in the following:
• The nature and circumstances of the termination;
• Any applicable minimum amounts prescribed by law or collective agreements, or pursuant to individual contractual obligations; and

• Standard industry and company practices for comparable positions and circumstances.

Depending on the country, the conditions that apply to job cuts affecting groups of employees may be negotiated with employee representative bodies.

Unless required by law or pursuant to an individual contractual obligation, employees who terminate their contract on their own initiative do not receive any severance pay.

Employee benefits
Sanofi strives to ensure that all employees worldwide receive high-quality benefits covering health, pension, incapacity, disability and death. These benefits comply with national regulations, are adapted to local cultures and provide the coverage that best meets employees’ needs. In all countries, employees (as well as, in general, their spouses and children) receive reasonable reimbursements of medical expenses as well as death benefits.

In the vast majority of countries, Sanofi also offers benefits covering temporary or permanent disability. In France for example, all Sanofi employees, irrespective of the type of contract they hold (temporary or permanent, part-time or full-time), are entitled to the same medical benefits and complementary social protection from the moment they are hired.

On a regular basis, we take part in a comprehensive market survey, conducted in over 60 countries, to ensure that the employee benefits we offer are in line with current local practices.

We also make sure that our employee benefit plans are designed for the long term.

In order to limit employee-related liabilities, Sanofi prefers defined-contribution plans over defined-benefit plans.
As regards “insured” plans, we seek to optimize how we finance employee benefit plans and reduce administrative costs by instituting programs such as insurance pooling and using captive insurance companies.

In 2010, Sanofi set up an Employee Benefits Steering Committee. The purpose of the Committee, which is chaired by the Chief Financial Officer and Sanofi’s Human Resources Director, is to:

- Review and approve our overall employee benefits strategy;
- Review and approve the implementation or modification of all defined-benefit plans, irrespective of their cost; and
- Review and approve the implementation or modification of all defined-contribution plans exceeding a limit set in advance by the Committee.

When possible, Sanofi provides personalized employee benefit programs (medical, dental, vision, etc.) that allow employees to adjust their coverage according to their specific situations and personal needs. These types of programs have been instituted in China and the United States.

Since 2013, a personalized employee benefit plan has been set up in China, allowing employees to adjust their coverage according to their specific needs and family situation. Sanofi tops up this plan by 12% to 20% of employees’ salaries, primarily based on the number of years employees have been with the Company. Employees may choose to receive all or part of this budgeted amount in the form of deferred compensation.

In certain countries, medical benefits also include programs focusing on prevention, vaccinations, screening (diabetes, skin cancer, etc.), nutritional advice, well-being, etc. In the United States, our 17,000 employees have the option of joining our comprehensive wellness program, Health in Action. Once they join the program, employees can receive coaching online or by phone and they have access to an integrated physical activity tracking tool. In addition, following a confidential health check-up, a professional health advisor explains the results to employees and suggests an action plan.

Health in Action also offers a wide range of services:

- On-site gyms and discounts at outside gyms;
- Nutrition programs offering healthy meal choices on-site and substantial reductions for weight-loss programs;
- Support aimed at improving employees’ quality of life: smoking cessation, stress management, fighting obesity and physical inactivity, etc.; and
- Support for employees dealing with serious diseases such as cancer, diabetes or cardiac disease.

Health in Action also incorporates various incentives to encourage employees to make lifestyle changes.

In addition to medical, disability and death benefits, Sanofi offers retirement benefits in all countries where this is standard industry practice (more than half of the countries where we operate).

For example, in France, Sanofi has set up an optional plan (PERCO) that supplements statutory plans and encourages employees to voluntarily save for retirement. Under the plan, Sanofi tops up employee contributions by 250%, within a certain limit. The top-ups, ceilings and management decisions relating to the funds are established jointly by management and trade unions.

In Brazil, all permanent employees are eligible to participate in the company’s retirement plan. Sanofi Brazil encourages employees to prepare for retirement by topping up employee contributions by 150%, within a certain limit.

We have also established a medical and travel assistance plan for employees whose jobs require them to travel abroad, regardless of the country where they work. This plan also covers emergency evacuations and repatriation.

1.C.b. The primary indicators relating to Sanofi’s compensation policy

At Sanofi, we provide equitable compensation for our employees in accordance with standard industry practices. In order to ensure the best possible living standards, employee compensation generally exceeds the legal minimum wage in the countries where we operate.

As indicated in Note D.24 to our consolidated financial statements, payroll expenses (primarily gross compensation and the related social security contributions) totaled €8,665 million in 2014 (€8,607 million in 2013).

Lowest average wages

A comparison of the legal minimum wage in a given country or business sector with the average gross annual base pay (not including special bonuses, team bonuses, profit-sharing bonuses, etc. paid in addition to wages) of employees earning the lowest 15% of wages at the Sanofi Group shows that Sanofi employees have a substantial advantage in the following countries:

- Brazil: Average wages are more than double the country’s legal minimum wage and nearly 20% higher than the minimum wage applicable in the pharmaceutical sector in 2014. Between 2013 and 2014, average wages rose 2.1%, which was below the amount budgeted for Brazil in 2014. This was due to the fact that a new plant was opened in Brasilia, where wages and the cost of living are lower than in São Paulo;
- China: Average wages are more than 2.3 times the legal minimum wage applicable in the five largest cities (the
five “first-tier” cities: Shanghai, Hangzhou, Shenzhen, Guangzhou and Beijing). Between 2013 and 2014, average wages were 10.3% higher than the amount budgeted for raises in 2014:

- **France:** Average wages are 1.6 times the legal minimum wage (SMIC) and 1.3 times the minimum starting wage negotiated with the trade unions. Average wages were calculated solely on the basis of wages paid under permanent contracts. They were slightly lower in 2014 than in 2013, as about 1,000 employees with high seniority and higher-than-average salaries left the company under restructuring plans launched in 2013 and were not taken into account in the 2014 calculation;

- **United States:** Average wages are nearly 3 times the federal minimum wage, which has not been raised since 2009. Between 2013 and 2014, the lowest 15% of wages rose 2%, matching the amount budgeted for wage increases in 2014; and

- **Germany:** In the absence of a federal minimum wage until the end of 2014, and due to the substantial disparities from one state to another, changes in wages could not be determined. The average wages of employees earning the lowest 15% of wages are under negotiation with employee representative bodies. The gross compensation of non-managerial staff is handled with the trade unions through sector-specific collective agreements.

### Salary increase budgets

Each year, Sanofi establishes salary increase budgets (the distribution of which may vary depending on the employee categories) taking into account:

- Merit increases;
- Collective increases in countries where they apply; and
- Increases for promotions and automatic increases provided for by collective agreements.

The budgets are established based on several criteria:

- Market trends anticipated by competitors and reflected in annual compensation surveys;
- Inflation forecasts; and
- Internal economic constraints specific to each country.

Annual salary increase budgets are thus the fruit of compromise, taking into account market observations and the cost to be borne by the Company. In 2014, the budgets totaled 2% in France and the United States, 6.8% in Brazil, 2% for managers and 4.5% for non-managers in Germany, and 8% in China.

These budgets are comparable to those of our competitors.

<table>
<thead>
<tr>
<th>Salary increase budgets</th>
<th>Germany*</th>
<th>Brazil</th>
<th>China</th>
<th>France</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>managers 2.5%</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>non-managers 4.1%</td>
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<td></td>
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<tr>
<td>managers 2.0%</td>
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<tr>
<td>non-managers 1.0%</td>
<td></td>
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<tr>
<td>managers 2.0%</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>non-managers 4.5%</td>
<td></td>
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</tbody>
</table>

* Germany: mandatory sector-wide increase for all non-managers (valid 12 or 18 months depending on the year).

### Non-discrimination

Sanofi is careful to ensure the absence of any discrimination (e.g., based on gender or ethnic origin) in the compensation paid in respect of a given position at equivalent levels of individual performance.

Where disparities are noted, we may establish specific budgets to balance out compensation levels. For example, in France in 2014, we decided once again to devote part of the total budget to adjustments such as reducing the wage gap between men and women.

### Variable collective compensation

In addition to individual variable remuneration, certain countries and activities have also instituted variable collective compensation.

Since 2007, our Industrial Affairs organization has been developing a performance-based collective compensation system known as the Annual Progress Plan (APP). The plan is intended solely for employees who are not already eligible for another type of variable compensation (individual bonuses or another type of variable collective compensation such as voluntary profit-sharing).

The APP is designed to compensate eligible employees according to the overall performance of their production site with respect to the objectives set at the beginning of the year. As of 2014, the APP is in place at 31 sites in 19 countries. The amount distributed may total up to 20% of the base pay of each beneficiary, depending on the site’s performance.
In addition to the system within Industrial Affairs, other variable collective compensation systems have been instituted in Germany, Brazil and France:

- **In Germany**, an agreement negotiated with the Central Works Council has led to a collective profit-sharing incentive system for non-managerial staff. The target amount of this incentive represents 6% of base pay, and the final bonus is linked solely to the company’s performance;

- **In Brazil**, the aggregate amount of profit-sharing is calculated based on performance indicators and pre-established objectives (sales, market share, etc.). The target amount for each employee totals approximately one month of base pay;

- **In France**, three variable collective compensation plans are in place:
  - The first is statutory profit-sharing (*participation*), which is determined based on the profit generated by all Sanofi’s French entities. This plan uses a special calculation method that is more advantageous for employees than the method prescribed by law:
    - The second is a profit-sharing bonus (*prime de partage des profits*), also required by law, which provides that companies that increase the dividends paid to their shareholders must negotiate an employee bonus with trade unions. In 2014, this bonus was €350 per person; and
    - The third is voluntary profit-sharing (*intéressement*). It was introduced at Sanofi under a three-year agreement with trade unions. Sanofi’s management and the trade unions determine the key performance indicators (KPIs) to be taken into account and the aggregate amount to be distributed to the employees who worked for Sanofi during the fiscal year in question.

In 2014 the aggregate amount distributed to employees in France under the statutory and voluntary profit-sharing initiatives and the profit-sharing bonus totaled €169.1 million, with individual amounts ranging between €5,338 and €8,277.

<table>
<thead>
<tr>
<th>Variable collective compensation (France)</th>
<th>2014</th>
<th>2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus</td>
<td>€169.10 million</td>
<td>€180.50 million</td>
<td>- 6.3%</td>
</tr>
<tr>
<td>Minimum bonus: voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus</td>
<td>€5,338</td>
<td>€5,687</td>
<td>- 6.1%</td>
</tr>
<tr>
<td>Maximum bonus: voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus</td>
<td>€8,277</td>
<td>€8,806</td>
<td>- 6.0%</td>
</tr>
</tbody>
</table>

The minimum amount of variable collective compensation paid by Sanofi in France represents the equivalent of 2.8 months of base pay for the lowest-paid employees.

Finally, Sanofi also tops up employees’ voluntary contributions to the employee savings plan in France.

Collective agreements have been signed to extend coverage under these programs to Coophavet and Genzyme Polyclonals employees.

**Country-specific initiatives**

Several countries offer plans that help employees and their families in their daily lives (employee assistance, subsidized childcare, special rates for various services, gym memberships, stress management programs, teleworking options, etc.).

- **France**: For the last three years, a personalized comprehensive compensation overview has been sent to each employee in France. This document details the compensation received during the previous year, i.e., salary plus individual and collective compensation, employee savings plans, retirement savings plans, employee benefits and employee share ownership, as well as specific benefits offered by Sanofi; and

In 2014 Sanofi put in place a new program that provides assistance to employees who support their dependent parents. In this regard, we signed a collective agreement with trade unions covering the following three points:

  - An insurance policy providing employees with an annuity in the event they become dependent themselves. Spouses and former Sanofi employees are also eligible to join the program;
  - A support hotline for information on benefits, placement assistance, legal assistance, etc.; and
  - Emergency financial assistance (for parents or spouses).

- **United States**: The MyAwards program was established in 2013. Open to all employees, the program enables managers to recognize employees’ performance through a point-based system of non-monetary recognition. Points earned under the program can be converted to purchase goods, trips, tickets to events, etc.
4.1.2. Organization of work

2.A. Organization of working hours

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Employees under contract</td>
<td>113,496</td>
<td>112,128</td>
<td>53,341</td>
<td>53,880</td>
<td>26,933</td>
<td>27,537</td>
<td>18,627</td>
<td>18,795</td>
<td>41,528</td>
<td>39,453</td>
</tr>
</tbody>
</table>

**Distribution by type of employment contract**

| Permanent contracts                        | 89.1%          | 90.0%          | 93.0%      | 93.5%       | 91.1%               | 92.4%               | 99.8%               | 99.8%               | 79.2%               | 80.5%               |
| Fixed-term contracts                       | 10.9%          | 10.0%          | 7.0%       | 6.5%        | 8.9%                | 7.6%                | 0.2%                | 0.2%                | 20.8%               | 19.5%               |
| Part-time(2)                               | 4,522          | 4,510          | 4,170      | 4,146       | 2,726               | 2,764               | 220                 | 215                 | 132                 | 149                 |
| Full-time equivalents(3)                   | 3,434          | 3,411          | 3,169      | 3,137       | 2,159               | 2,190               | 160                 | 157                 | 105                 | 118                 |

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.
(2) Part-time: Number of employees working part-time as of December 31.
(3) Full-time equivalents: Concerns only employees working part-time as of December 31.

The percentage of temporary contracts (10.9%) increased 0.9 percentage points compared with 2013. The ratio of temporary contracts to permanent contracts was 5.9%, which represents a 0.5 percentage point increase compared with 2013.

Within the Group, 4.4% of employees under permanent contracts work part-time; this rate remains comparable to 2013 (4.5%). The majority of part-time employees are women (85%).

In the countries where we operate, the average workweek is generally set by law.

In an effort to improve working conditions and promote sustainable development, a number of countries have implemented new workplace arrangements and initiatives to improve employees’ work-life balance – offering more flexible on-site hours and making it possible to work from home.

In Germany, management and employee representatives signed a teleworking agreement in 2014. The agreement sets out two options: occasional teleworking and regular, scheduled teleworking. It forms part of the Living and Working with Sanofi platform (Leben und Arbeiten bei Sanofi), which aims to create a work environment that promotes diversity and ensures a healthy work-life balance.

In Turkey, the Group has developed a program known as Life in Sanofi, which aims to improve employees’ quality of life at work and boost their motivation and efficiency. Part of the program focuses on work-life balance and includes measures such as teleworking and flexible hours.

In 2012, an agreement was reached on teleworking within the Sanofi Group in France. As of December 31, 2014, 2,083 employees (7.8%) have opted to work from home.

In France, working time is set by law or collective agreements. In 2014, the theoretical average annual working time was 1,547 hours (unchanged from 2013).

2.B. Absenteeism

2.B.a. Absenteeism worldwide

As asserted in Sanofi’s Social Charter, achieving both improved working conditions and the necessary adaptations of the Group to its environment is a key imperative. The Charter also states that the health and safety of all is an obligation for the Group and employees, and all necessary means must be employed to ensure compliance. Monitoring absenteeism provides a means of measuring employee satisfaction and engagement in the workplace.

The absenteeism indicator is monitored and managed at the local level in line with applicable regulations and cannot be extrapolated on a consolidated basis at the global level. Due to differences in local regulations, absenteeism is not monitored at the Group level but it does provide an accurate reflection of employee engagement in a given country. In this regard, five countries (Germany, Brazil, China, the United States and France), which accounted for 59% of Sanofi’s workforce as of December 31, 2014, can be taken as a representative sample.

**Germany:** Under the German national collective agreement (Bundesarbeitsvertrag), in the event of an absence due to illness or an occupational injury, employees with over 20 years of seniority are entitled to between six and 24 weeks of paid leave, and managers are entitled to 52 weeks of paid leave. For German employees, absences due to illness are not counted after 42 days, as employees are
considered inactive after that point. In 2014, the company counted 81,024 days of absence due to illness and 678 days of absence due to occupational or commute-related injuries.

With regard to maternity leave, women are entitled to 14 weeks of paid leave (six weeks before giving birth and eight weeks after giving birth). Given that German law does not provide for paternity leave, absenteeism data does not include this type of leave for Sanofi Germany, where maternity leave is considered unpaid, inactive working time. In 2014, female employees took 7,455 days of maternity leave. Under German law, male and/or female employees are entitled to three years of parental leave. At the end of the leave, they must be reinstated to a suitable position at the company. In 1997, Sanofi signed a works council agreement that adds one additional year of unpaid leave to the three years provided for by law (fourth year of parental leave).

**Brazil:** In the event of an absence due to illness or an occupational or commute-related injury, under a trade union agreement employees are entitled to up to one year of paid leave. Provided their absence does not exceed 50 days, employees' positions will be reserved until they return. In Brazil, days of absence exceeding 52 weeks are not reported, as employees are considered inactive after that point. In 2014, the company counted 21,935 days of absence due to illness and 729 days of absence due to occupational and commute-related injuries.

With regard to maternity and/or paternal leave, Sanofi adheres to the government's corporate citizenship program, which extends maternity leave from four to six months and also provides for 10 days' paternity leave. Employees' jobs are secured throughout their entire period of absence (maternity leave). In 2014, female employees took 12,240 days of maternity and/or paternity leave.

**China:** In accordance with Chinese law, employees' jobs are secured for the entire period of absence due to illness or injury. In the event of illness or an occupational or commute-related injury, employees are entitled to up to 24 months of paid leave. Employees are also entitled to five days' sick leave per year. In 2014, the company counted 8,767 days of absence due to illness and 151 days of absence due to occupational and commute-related injuries.

Maternity leave varies between 98 calendar days and six months depending on local regulations. Maternity leave is also granted, varying between three and ten calendar days depending on local government policies. In 2014, employees took 30,618 days of maternity and/or paternity leave. This figure is expressed in calendar days, as maternity/paternity leave is granted as a number of calendar days, not business days, as required by law.

**United States:** In the event of illness, employees in the United States are entitled to a maximum of five days' paid sick leave per year. After that period, absences due to illness or injury are handled in accordance with the company's policies on short-term disability and leave for medical or family reasons. Employees who sustain injuries or illnesses arising out of their employment with Sanofi in the United States are entitled to compensation pursuant to the applicable state statutes governing workers' compensation. In 2014, the company counted 32,433 days of absence due to illness and 269 days of absence due to occupational and commute-related injuries. Absenteeism data includes only the first five days of absence.

In the United States, maternity leave falls under our short-term disability policy, which grants mothers six to eight weeks of paid leave. Employees are also entitled to parental leave, which includes two weeks of paid leave and 10 weeks of unpaid leave. In 2014 employees took 3,821 days of maternity and/or paternity leave.

**France:** In the event of illness, employees are entitled to paid leave starting the first day, for up to nine months. If compensation for sick leave is granted by the French national social insurance agency, the employer receives the daily benefits paid by the agency (subrogation). Paid leave ends after nine months. Employees receive daily benefits directly from the social insurance agency.

For employees who are eligible to receive daily benefits from the social insurance agency for sick leave due to an illness (occupational or otherwise) or an occupational injury, Sanofi grants employees with at least one year of seniority a replacement income equal to their full salary for the first nine months of sick leave, and 90% after that period. In the event of disability, employees receive an annuity in addition to that paid by the social insurance agency.

In 2014 the company reported 197,917 days of absence due to illness and 10,213 days of absence due to occupational and commute-related injuries. In France, absenteeism data is not recorded for absences exceeding nine months.

With regard to maternity leave, in addition to statutory leave, the Sanofi Group agreement of November 15, 2006 on special leave provides for an additional two weeks of leave directly following maternity leave. Statutory maternity leave in France depends on the number of singleton pregnancies (up to two children: 16 weeks; three or more children: 26 weeks) or multiple pregnancies (twins: 34 weeks; triplets or more: 46 weeks). Women are entitled to paid leave for the entire maternity leave period. By law (Article 55 of Act No. 2001-1246 of December 21, 2001 on social insurance financing), fathers are entitled to 11 calendar days of paternal leave (increased to 18 days for multiple births). Leave must be taken within four months following the birth. Paid leave is capped at three times the maximum monthly social insurance limit, minus any daily benefits paid by the social insurance agency.

In 2014 employees took 46,899 days of maternity and/or paternity leave.
4.1.3. Social dialogue

In all countries where Sanofi operates, we strive to combine economic and social performance – which we believe are inseparable.

With regard to respect for people, Sanofi’s social responsibility is based on the basic principles of the Group’s Social Charter, which outlines the rights and duties of all Group employees. The Social Charter addresses Sanofi’s key commitments towards its workforce: equal opportunity for all people without discrimination, the right to health and safety, respect for privacy, the right to information and professional training, social protection for employees and their families, freedom of association and the right to collective bargaining, and respect for the principles contained in the Global Compact on labor relations and the International Labour Organization (ILO) treaties governing the physical and emotional well-being and safety of children.

The Group’s social relations are based on respect and dialogue. In this spirit, the Company’s management and employee representatives meet regularly to exchange views, negotiate, sign agreements and ensure that agreements are being implemented.

In this regard, five countries (France, Germany, Brazil, China and the United States), which accounted for 59% of the Group’s workforce as of December 31, 2014, can be taken as a representative sample. Social dialogue takes place in different ways from one country to the next, as necessitated by specific local circumstances. Depending on the case, social dialogue relating to information, consultation and negotiation processes may take place at the national, regional or company level. It may be organized on an interprofessional or sectoral basis, or both. Social dialogue may be informal or it may be implemented through a specific formal body, or a combination of both methods. Whatever the situation, Sanofi encourages employees to voice their opinions, help create a stimulating work environment and participate in decisions aiming to improve the way we work. These efforts reflect one of the principles of the Social Charter whereby the improvement of working conditions and the Group’s necessary adaptation to its environment go hand-in-hand.

3.A. Social dialogue in Europe

Sanofi’s European Works Council (EWC), which includes 40 members and 40 alternates, represents employees who work in the 27 countries of the European Union. In 2014, the EWC met in March and October to discuss the Group’s strategic objectives, financial performance and prospects for developing its various activities. The EWC also received regular updates on key topics such as employment in Europe, reorganization plans (France, Czech Republic and Italy) and employee share ownership.

Interim meetings with EWC officers also provide the body with regular or timely information based on developments within the Group. In 2014, all EWC members and alternates received special training on European institutions and how European social standards are the produced, social dialogue in Europe and transnational collective bargaining.

In addition, throughout 2014, negotiations were held with employee representative bodies in each of the European countries concerned to explain the anticipated changes.

Social dialogue in France: The France Group Committee, made up of 25 members, 25 alternates and trade union representatives met in June, September and December 2014. During those meetings, the committee was kept abreast of the strategy, operations, financial situation and labor changes at Sanofi in France.

Overview of collective agreements in France

In 2014, six agreements (namely concerning dependent relatives and support for employees who support dependent relatives, the creation of a Group workplace health service and the continuation of the terms governing contribution top-ups under the employee savings plan) and three amendments (concerning improved coverage of certain healthcare expenses, among other things) were signed with trade union representatives in France. All employees were covered by collective agreements.

As part of the action plan for cross-generation contracts (contrats de génération) established in October 2013, Sanofi made a three-year commitment to hiring at least 500 employees under permanent contracts including 40% young people (age 30 or under); 25% of whom will be hired following work-study contracts and 10% seniors (age 50 and over). During the same period, we will also hire 20 post-doctoral researchers under fixed-term contracts for research projects with our R&D teams.

One year into the plan, 267 young people have been hired in France, including three who were hired following work-study contracts. In addition, 26 employees age 50 and over have been hired under permanent contracts.

Social dialogue in Germany: Employees are represented through the Works Council or the Employee Representatives Committee, whose representatives are elected by employees to represent them for a four-year term in Germany’s chemicals sector.

In 2013, German management and employee representatives launched an initiative known as Living and Working with Sanofi, which focuses on gender equality, among other topics. Based on a German management handbook published in August 2013, the initiative encourages the company and its employees to build a mutually beneficial culture.

Among other actions, an elderly care charter for the state of Hesse was signed in July 2014, and a works council agreement on mobile working and teleworking was put in place at the national level in September 2014. In 2014, 62% of employees were covered by collective agreements and 19 internal collective agreements were signed.
3.B. Social dialogue in other countries

**Brazil:** Employees are represented by trade unions at the industry branch level. Elected by pharmaceutical company employees for a four- or five-year term, trade union representatives have guaranteed job security and cannot be laid off by the company during their term of office. Sanofi Brazil currently has 91 employees who are trade union representatives for organizations registered with the Labor Ministry. Their role is to lead collective bargaining negotiations relating to matters such as wages and benefits.

In addition, Brazilian labor law requires companies to establish an internal committee, made up of employee representatives elected for a two-year term, to discuss and negotiate specific matters such as profit-sharing agreements and the prevention of occupational accidents. In 2014, 100% of employees were covered by collective agreements and 16 internal collective agreements were signed.

**China:** In accordance with the principle of freedom of association, Sanofi China has backed the implementation of employee representation at its industrial sites. Activities are created on a regular basis and organized by employee volunteers with the support of management at headquarters and in the regions. Social media are also used to motivate younger generations of employees. In 2014, 10% of employees were covered by collective agreements and six internal collective agreements were signed.

**United States:** In the absence of elected employee representatives, various committees enable employees to voice their opinions to management and participate in decision-making processes (see Section “5.D. Other measures to promote diversity and equal opportunity”).

3.C. Employee engagement surveys

Since 2012, the Group has developed engagement surveys as a global method of measuring employee engagement. Several sectors have decided to implement this measure. In 2014, approximately 52,000 employees were invited to participate in the survey, which was extended to other Group sectors for the first time. The response rate was 86% in 2014, slightly higher than in 2013. Implemented as locally as possible to make a strong impact, the survey’s findings are used to establish priorities and develop local action plans.

4.1.4. Training and career development

4.A. Training and career development strategy

As key tools for building skills and talents, training and development play an essential role in Sanofi’s human resource (HR) management.

Since 2010, the HR function has sought to align major processes throughout our entities worldwide. The One HR concept, which aims to harmonize HR practices across all activities and all affiliates, initially involved devising performance management and workforce development processes.

This harmonization led the Group to implement a common performance assessment system for all Group managers and to further deploy periodic talent reviews for managers, designed to identify areas of personal development, potential individual career options and succession plans for key positions. The reviews provide valuable opportunities for dialogue between managers and HR directors, allowing them to identify skill areas that need to be reinforced by Sanofi, through either appropriate in-house training and development or external recruitment. Talent reviews also offer an opportunity to propose targeted development plans to selected individuals.

From an individual standpoint, annual development reviews enable managers and employees to assess fulfillment of job responsibilities, opportunities for advancement, and skills to be developed, which thus helps pinpoint employees’ training and development priorities.

Employee training and development options are evolving. In recent years, we have offered a variety of new Group training initiatives as part of numerous leadership development programs and created several in-house training academies.

The exponential growth of Academies and leadership development programs in different countries, regions, activities and functions has led to the launch of a project that encourages the adoption of a comprehensive, coherent approach to employee training and development.

4.B. Achievements in 2014

4.B.a. Key changes in our training offer and resources

From an HR perspective, we continued to align our HR structures and employee training and development options in countries such as Germany, Brazil, the United States and France.

In 2014, we bolstered the scope and reach of our training and development efforts, expanding our overall training offer in the aim of developing personal, professional and organizational skills at the global, regional and local levels.

Expanding our training options: Sanofi Academies

Since 2011, Sanofi has created several Academies in the aim of maintaining adequate skills within our different functions by creating and promoting specific training programs.

Following on the success of our first Academies (Legal, Finance, Human Resources, Information Systems, Procurement and HSE), we have also established other Academies (Quality, Alliance Management, Diabetes Medical Affairs, LEAN and Supply Chain).
Sanofi has designed, developed and put in place a comprehensive global leadership development curriculum in recent years, enabling us to offer senior executives uniform content in this area.

In 2014, we doubled the number of our Academies and tripled the number of training programs we offer to employees worldwide (from about 30 in 2013 to over 100 in 2014), providing nearly 200,000 hours of professional training to employees around the globe.

Within the Academies, a cross-functional business partnering program provided 77 Support Functions employees with 2,734 hours of training focusing on their role as business partners and how they can improve their ability to negotiate and influence others in that capacity.

Our Biotech Campus continues to offer training and skill development for employees who are directly or indirectly involved in our biotechnology activities and are interested in specializing in emerging technologies or updating, supplementing or refining their expertise. The Campus also offers training to all employees who are interested in finding out more about what biotechnology means to the Group today. In 2014, 764 employees attended several sessions comprising customized courses and more than 37 in-house programs.

World Diabetes Day coincided with the launch of our Diabetes Medical Academy, which offers an online platform providing training for Sanofi’s diabetes healthcare team at our headquarters and affiliates.

Primarily focused on optimizing costs and the performance of our industrial processes and our management as a key organizational capability, the LEAN methodology training offered through our LEAN Academy has continued to grow. More than 1,500 employees worldwide have received training on the different aspects of LEAN methodology.

**Building our global leadership pipeline**

In 2014, we went to great lengths to expand and roll out our global leadership development offer:

- Business for Tomorrow and Leading for Tomorrow helped over 120 senior managers develop new ways to lead and drive growth in a context of profound change;
- Evolution Center for Leadership enabled over 270 high-potential managers to review their careers and prepare to take their professional development to the next level; and
- Evolution Center for Excellence, launched in 2014, helped over 100 senior executives prepare robust plans to develop their leadership excellence.

In addition, 65 senior executives took part in our Impact and Influence programs for building leadership skills.

**Supporting Sanofi’s strategic transformations**

Across the different regions and countries where the Group operates, our HR function provided support for the employees, managers and strategic transformation projects that play a key role in our economic strategy. Support was provided in the form of various programs offered to all employees across each level of our organization.

**Developing our training management system**

A decentralized training strategy has led to a variety of different training management systems within the company. At the request of the Executive Compliance Committee, in June 2014 plans were approved to set up a single training management system.

Aside from providing support to coordinate all training activities through a single platform, and thus sharply reducing the need for reporting, Sanofi’s single training management system will enable us to offer more digital training options for all our employees.

### 4.B.b. Training worldwide

Training data are presented below for five countries (Germany, Brazil, China, the United States and France), which account for 59% of Sanofi’s workforce as of December 31, 2014 and can thus be taken as a representative sample.

In 2014, nearly 77% of Sanofi employees in these five major countries attended at least one training course during the year, which represents more than a million hours of training in total.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total number of hours of training</th>
<th>Percentage of employees that attended at least one training course during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>321,327</td>
<td>78%</td>
</tr>
<tr>
<td>Brazil</td>
<td>132,930</td>
<td>87%</td>
</tr>
<tr>
<td>China</td>
<td>258,195</td>
<td>79%</td>
</tr>
<tr>
<td>France</td>
<td>423,130</td>
<td>74%</td>
</tr>
<tr>
<td>United States</td>
<td>125,700</td>
<td>78%</td>
</tr>
</tbody>
</table>

Note: Data were collected from the Sanofi entities in each of the five countries. In France, data include Genzyme and Merial.
In France, 423,130 hours of training, including HSE training, were provided to 19,962 employees, i.e., 74% of the workforce in 2014 (compared with 82% in 2013). The average number of hours of training amounted to 21.2 hours per employee in 2014, which is less than in 2013 (26.3 hours).

With regard to employee professionalization efforts and changes within certain jobs in 2014, the following developments are of note:

- Commercial Operations teams were prepped on the use of digital technologies for scientific and medical commercialization and reporting activities;
- In R&D, fundamental scientific expertise was reinforced (particularly regarding modern heterocyclic chemistry, immunoconjugate antibodies and translational medicine) and experts were referenced with a view to offering them the development plan best suited to their profile; and
- Sanofi Pasteur set up a scientific career track for individuals with little previous scientific knowledge who are interested in bringing themselves up to speed in order to make a career change (math, physics, chemistry, microbiology, biochemistry, virology, fermentation, cell culture and vaccine purification and/or inactivation).

In North America, training options include instructor-led, web-based and virtual classroom modules. The broader curriculum comprises programs offered to all Sanofi employees, including employees of Genzyme, Merial, Sanofi Pasteur and Chattem. Web-based training courses were made available to Canadian employees in 2014.

The number of instructor-led and web-based training courses increased by more than 50% and 15%, respectively, compared with 2013. Over 125,000 hours of training were provided in 2014.

In Germany, the My Development web portal launched in 2013 has further evolved and has been integrated into a comprehensive HR portal. It provides employees and managers access to training programs and development offers focusing on key areas such as communication skills, leadership and management, change management and health. The portal also includes a new platform designed to provide improved guidance on technical and professional skill development for our primary partners. In addition, we have launched special development measures to provide career development support for women. Several action-oriented programs have been created for employees who have demonstrated leadership talent early in their career, with a view to creating a pipeline of future leaders. Over 320,000 hours of training were provided in 2014.

In Brazil, the HR Department contributed to transformation efforts on multiple fronts: leadership and culture, with 160 leaders attending workshops on core values; employee engagement and performance excellence, with 344 employees receiving training under 13 different programs; and support for assessments of the plans to transform our Supply Chain division and Finance function, with action plans to be rolled out in 2015. A total of nearly 133,000 hours of training were provided in 2014.

In China, training primarily focused on three areas: developing employee and managerial competencies, adopting Sanofi culture and developing biotechnology skills among our production employees in China. Employees received over 250,000 hours of training relating to professional skills (products, diseases, marketing, etc.), soft skills and leadership in 2014.

### 4.1.5. Equal treatment

#### 5.A. Diversity policy

Diversity is a key component of our Corporate Social Responsibility. We created our Diversity Department, which reports to our Senior Vice President of CSR, in 2007, and we continue to harness the diversity of our workforce to drive innovative solutions that better address the needs of patients.

Our diversity policy outlines our principal commitments with regard to non-discrimination, equal opportunity and the promotion of diversity, as well as our commitment to monitoring the progress of the Group’s initiatives on a yearly basis. In 2014, a new diversity brochure was broadly circulated in-house, and has also been made available on Sanofi’s website. This document goes beyond Sanofi’s stated commitments, providing examples of best practices at our different entities and in the countries where we operate. These practices cover a vast range of subjects and showcase a variety of complementary actions.

Our diversity policy is implemented through our network of Diversity delegates. Outside of France, this network comprises 89 Diversity delegates (56 in 2013) across more than 120 countries (90 in 2013). These delegates translate Sanofi’s group-wide policy into concrete measures adapted to the local context of our various affiliates. In 2014, a two-day training program was offered to the entire European network along with coordinators from North America, Latin America and Asia. Our Diversity network in France comprises 29 Diversity delegates across all of our French sites.

In-house communications and building awareness among all Sanofi employees about the importance of this policy continued during global events such as International Women’s Day, the International Day of Persons with Disabilities and during local events. Several projects were launched to allow employees to express themselves on the topic of diversity. These projects were recognized in France at the 2014 Diversity Awards and the Green Awards Festival in Deauville.
5.B. Gender equality at work

The promotion of gender equality lies at the core of Sanofi’s strategy, and onboarding more female talent is one of the Executive Committee’s individual variable remuneration objectives.

In 2014, we continued to uphold our commitment to promote gender equality at Sanofi.

As of December 31, 2014, 45.2% of the Group’s workforce and 40.0% of managers (whose duties involve supervising direct subordinates) were female (compared with 45.1% and 39.3%, respectively, in 2013) (see Section “4.1.1. Employment”).

At the end of 2014, women represented 13% of the Global Leadership Team (and 13% in 2013), which includes 56 senior managers (48 in 2013), and 27% of the 947 global key positions considered essential in order to reach Sanofi’s strategic objectives (24% in 2013).

The Women’s Network Board was created in 2014 to replace the Women’s Leadership Council, providing a structure that is better suited to Sanofi’s organization. The Board has six members, three of whom also sit on the Executive Committee. It operates through correspondents across all of Sanofi’s regions and functions worldwide and helps implement local initiatives to promote gender balance and equality at work.

Several initiatives to promote gender balance and equality at work were introduced in 2014 for various countries and activities. For example:

- Support for organizations that promote gender balance: For the fifth consecutive year, Sanofi was a sponsor of the Women’s Forum in Deauville, and a delegation of 24 men and women from the Group attended the event. Since 2010, more than 120 employees have taken part and thus had the opportunity to act as ambassadors of this approach within the Group. They have subsequently been involved in projects relating to gender balance. Sanofi also participated in the Brazilian edition of the Women’s Forum once again in June 2014, as well as the second edition of the Women’s Forum in Myanmar in December 2014.
- Sanofi affiliates organized many events:
  - International Women’s Day was celebrated in over 30 countries through a variety of initiatives, including conferences and debates, employee meetings with management and information sharing via various media;
  - In India, a gender balance initiative brought 130 female Sanofi employees together with the affiliate’s Management Committee and business heads for discussions and dialogue on equality and diversity;
  - In Dubai, our affiliate organized a forum entitled “Gender Balance: Inspiring Change Together;”
  - In Germany, 100 of the company’s female managers were invited to attend a gender balance seminar;
  - In France, a conference was held at the Group’s headquarters on the topic of Women and Science with Claudie Haigneré, the first woman to join Sanofi’s Board of Directors; and
  - In Brazil, a workplace equality initiative was attended by about 500 Sanofi women.
- Sanofi Pasteur Mexico, recognized and certified for its gender balance practices, was also selected by the National Women’s Institute as a model company for its excellence in instituting a comprehensive system to promote gender balance;
- Mentoring programs were also established at Sanofi, such as Womentum, a program created in 2014 for Industrial Affairs worldwide; and
- New committees and networks were created in 2014 to promote gender balance, for example, in Turkey, the Middle East, India and Asia. Sanofi’s various Group gender balance networks, such as Women Inspiring Sanofi Excellence (WISE) in the United States and Women in Sanofi Pasteur (WISP) continued their initiatives in 2014, and WISE expanded its reach to Canada.

5.C. Employment and integration of people with disabilities

Sanofi continued its commitment to employing people with disabilities, placing a particular emphasis on the following goals, while ensuring respect for local cultures and compliance with local regulations:

- Priority support for employees with disabilities to ensure that they retain their jobs;
- Depending on the activity, the continued integration of employees with disabilities, regardless of the nature of their disability;
- Improved information and communication, as well as ongoing efforts to raise awareness about disabilities;
- Continued relations with specialized centers and disability-friendly structures; and
- Ongoing actions to improve accessibility, in particular access to information.

Employment of people with disabilities

Worldwide, Sanofi employs people with disabilities in approximately 20 countries. In 2014, affiliates reported a total of 2,038 employees with disabilities (compared with 2,058 in 2013, 1,901 in 2012 and 1,758 in 2011), in line with local regulations, where applicable.

In Europe, exhaustive efforts were made across all countries in 2014 to understand how disabilities are
specifically defined, as well as the national regulatory environment and ongoing actions in each country. This work laid the foundation for a special action plan to be drawn up in 2015. The Group (including France) employs a total of 1,728 employees with reported disabilities.

- In France, the Group employed a total of 1,217 employees with disabilities in 2014, compared with 1,239 in 2013, 1,153 in 2012, 1,061 in 2011 and 998 in 2010; and
- In Germany, Sanofi employed 366 people with disabilities as of November 30, 2014, which account for 4.62% of the workforce (close to the 5% required by law).

**In Brazil,** Sanofi employs 121 people with disabilities, which account for 2.4% of the workforce.

**In Japan,** in compliance with local regulations requiring that employees with disabilities account for 2% of workforces, Sanofi employed 41 people with disabilities in 2014, which account for 2.32% of the workforce. La Maison Business Support Center now offers training for interns with disabilities. The center welcomed 31 interns in 2014, which account for 2.4% of the workforce.

**2014 initiatives**

**France:**

- Implementation of the third agreement (signed in 2013) on job retention and integration of people with disabilities (2013-2016). This agreement falls within the scope of the French Law of February 11, 2005 “for equal rights, equal opportunity, participation and citizenship of people with disabilities;” and
- Twenty-two sites organized events during Disability Employment Awareness Week in November 2014.

**Group-wide:**

- For the International Day of Persons with Disabilities, we published the portraits of 20 employees working in various positions in nearly 15 countries, as well as two videos about employees in France and Brazil;
- Sanofi also continued its commitment to the issue of disabilities through its association Enfants de Sanofi. In 2014, 92 children with special needs in 23 countries received assistance involving healthcare, education, institutional care and family aid.

**5.D. Other measures to promote diversity and equal opportunity**

Sanofi has initiated projects to promote equal opportunity, prevent discrimination and foster a culture that is inclusive of all employees. Some noteworthy initiatives:

- Good Morning Sanofi is a series of videos made by and for Sanofi employees, illustrating the diversity of the workforce worldwide by focusing on ethnic minorities in the United States, cultural diversity, Generation Y in China, U.S. army veterans and sign language in Brazil. Accessible via the Group’s intranet site as well as the Sanofi corporate website, the videos have received two awards in France, at the 2014 Diversity Awards and the Green Awards Festival in Deauville;
- The integration of young people of all origins into the working world is an important issue for the future, and we are developing partnerships to meet this challenge. Internships, apprenticeships, work-study programs and International Corporate Volunteer Program (VIE) contracts all provide ways for businesses to help young people discover the working world and learn how businesses work. In 2014, between work-study contracts that were ending and those that were newly signed, for all activities combined, Sanofi counted 2,385 work-study contracts in France, including 1,121 new contracts signed in 2014 (compared with 1,145 in 2013). In Germany, 590 apprentices worked at Sanofi in 2014 (compared with 441 in 2013);
- In France, 23 employees took part in sponsorship initiatives focused on equal opportunity in 2014;
- Sanofi also pursues initiatives to encourage a healthy work-life balance, which improves employees’ quality of life and helps them manage their personal and professional aspirations. For instance, in 2014, a program aimed at improving quality of life at work was launched in Turkey; and
- In the United States, employees may decide to take part in Employee Resource Groups focusing on various topics of concern. In 2014 a new group, Pride Connect, was created to address the topic of Lesbian, Gay, Bisexual and Transgender (LGBT) equality in the workplace.

**4.1.6. Promotion of and compliance with International Labour Organization (ILO) Conventions**

Sanofi’s Social Charter and Code of Ethics (see Section “3.2.1. Rapport du Président – 2.B. Environnement de contrôle” of our Document de Référence; the Code of Ethics is available at www.sanofi.com) set out employees’ fundamental rights under the principles of the UN Global Compact and the relevant ILO conventions:

- Freedom of association and recognition of the right to collective bargaining;
- Abolition of all forms of forced labor;
- Abolition of child labor; and
- Elimination of discrimination in employment.
In addition to our Social Charter and Code of Ethics, Sanofi has established a Suppliers Code of Conduct, which also refers to the following ILO conventions:

- ILO Convention Nos. 138 and 182 on child labor;
- ILO Convention Nos. 29 and 105 on forced labor;
- ILO Convention Nos. 14 and 106 on weekly rest;
- ILO Convention Nos. 95, 131 and 135 on wages and employee benefits;
- ILO Convention Nos. 87 and 98 on freedom of association, protection of the right to organize and collective bargaining; and
- ILO Convention Nos. 100 and 111 on equal opportunity.

These commitments to comply with fundamental principles and rights in the workplace, with respect to our employees and partners, are in line with Sanofi’s commitment as a member of the United Nations Global Compact since 2003. Moreover, in 2013 Sanofi produced a guide entitled “Human Rights in Our Activities,” which describes the key steps in the life cycle of a drug and includes a section on human rights in the workplace across various functions. It is in line with ILO Conventions (see Section “4.3.5. Initiatives to support human rights”).

Our Code of Ethics invites all Sanofi employees to report any doubt they may have regarding potentially illegal or unethical practices to their supervisor or the Global Compliance and Business Integrity Organization.

In addition, a targeted audit program for suppliers has been in place since 2007 (see Section “4.3.3. Subcontracting and suppliers”).

### 4.2. INFORMATION ON HEALTH, SAFETY AND THE ENVIRONMENT

Sanofi’s methodology for reporting health, safety and environmental data is presented in Section “4.4. How corporate social responsibility information is reported: Methodological note.”

#### 4.2.1. General policy on health, safety and the environment

Sanofi’s Health, Safety and Environment (HSE) Policy is established by the Group HSE Department, which oversees implementation of the policy throughout all our entities and sites worldwide.

Information relating to employee health and safety in 2014 is presented in Section “4.2.2. Health and safety in the workplace.”

### 1.A. Presentation of Sanofi’s HSE policy

Sanofi’s manufacturing and research operations are subject to increasingly stringent health, safety and environmental laws and regulations. These laws and regulations are complex and rapidly changing. Sanofi has implemented a worldwide master policy on health, safety and the environment to promote respect for the environment and the health and well-being of the employees and contractors working on our sites. In 2014, we promoted the policy among our subcontractors, as we consider it to be an integral part of our commitment to social responsibility. In order to implement this master policy, 78 rules (policies) have been drawn up in the key fields of HSE management (21 rules), good HSE practices in the areas of safety in the workplace (13 rules), process safety (10 rules), industrial hygiene (12 rules), health in the workplace (8 rules) and protection of the environment (14 rules). Standards and methodology handbooks are developed for most of these rules, enabling them to be implemented at all Group sites and entities worldwide. The HSE Department verifies compliance with rules defined at the Group level through regular audits at sites and entities. Information relating to the audit process is set out in Section “1.C. Environmental audits and certification” below.

#### Occupational health

From the development of compounds to the commercial launch of new drugs, Sanofi research scientists continually assess the effects of products on human health, especially that of our employees. This expertise is made available to employees through committees responsible for chemical and biological risk assessments, which are used to determine appropriate risk prevention and protection measures for employees. The Group’s COVALIS committee classifies all pharmaceutical products handled within the Group and establishes workplace exposure limits for each of them. The Group’s TRIBIO committee is responsible for classifying all biological agents according to their degree of pathogenicity and establishing rules for their containment and preventive measures to be respected throughout the Group (see Section “3.1.8. Facteurs de risque – 4. Risques industriels liés à l’environnement” of our Document de Référence).

An in-house lab based in Aramon, France develops specific analytical methods for pharmaceutical products that enable us to monitor employee exposure via inhalation. All Sanofi sites have access to the lab, which received NF EN ISO/CEI 17 025 accreditation in 2014 by the French Accreditation Committee (COFRAC) for quantitative analyses of air samples taken at our sites.

Appropriate industrial hygiene practices and programs are defined and implemented at each site, in accordance with Sanofi’s HSE rules. These practices essentially consist of containment measures and measures for individual and collective protection against exposure in all workplaces.
where chemical substances or biological agents are handled. All personnel are monitored through appropriate initial and routine medical programs, focused on the potential occupational health risks associated with their duties.

We thus take a multidisciplinary approach to protecting health in the workplace that involves more than relying on occupational health services.

Each site has appropriate internal and/or external medical resources, in compliance with local regulations. They also develop programs for preventing and identifying occupational health impacts in coordination with occupational hygienists.

In addition, specific resources are allocated to the implementation of the European Union REACH regulation on Registration, Evaluation, Authorization and Restriction of Chemicals. In compliance with the European CLP regulation on the Classification, Labeling and Packaging of chemical products and substances, we have registered the relevant chemical substances with the European Chemicals Agency (ECHA).

Safety
Sanofi has rigorous policies to identify and evaluate safety risks and to develop preventive safety measures and methods for checking their efficacy. These policies are implemented on a worldwide scale to ensure the safety of all employees and to protect their health. Each project, whether in research, development or production, is subject to evaluation procedures, incorporating the chemical substance and process data communicated by the COVALIS and TRIBIO committees described above. The preventive measures are designed primarily to reduce the number and seriousness of occupational injuries and to minimize exposure involving permanent and temporary Sanofi employees as well as our subcontractors.

Risk assessments of processes and installations are drawn up according to standards and internal guidelines incorporating the best state-of-the-art benchmarks for the industry. Among other things, this process is used to assess compliance with regulatory obligations. Particular attention is paid to any risk-generating changes, such as process or installation changes, changes in production scale or transfers between industrial or research units.

Our laboratories that specialize in process safety testing, which are fully integrated into our chemical development activities, apply methods to characterize the substances produced (intermediate chemical compounds and active ingredients) and model the potential impact of leachable substances in the event of a major accident. In these laboratories, the parameters for qualifying hazardous reactions are also determined in order to define the parameters of the scale-up process from the development stage to industrial scale. All these processes ensure that our risk assessments are relevant.

We believe that the safety management systems implemented at each site, the hazard studies carried out and the risk management methods implemented, as well as our third-party property insurance policies covering any third-party physical damage, are consistent with legal requirements and best practices in the industry.

At the Group level, the French chemical manufacturing sites in Aramon, Sisteron and Vertolaye, France; the plants located at the industrial platform in Frankfurt, Germany; and the chemical production site in Budapest, Hungary, are listed Seveso II (from the name of the European directive relating to potentially dangerous sites, providing a list of activities and substances and the associated classification thresholds). In accordance with French law on technological risk prevention, the three French sites mentioned above are subject to more stringent safety inspections due to the toxic or flammable materials stored on the sites and used in their operating processes.

Environment
The main objectives of our environmental policy are to implement clean manufacturing techniques, prevent accidental pollution that may occur at production and research sites, minimize the use of natural resources and reduce the environmental impact of our activities. In order to optimize and improve our environmental performance, we adopt a strategy of continuous improvement at all our sites through the annual implementation of HSE progress plans. We believe that this strategy clearly expresses the commitment of both management and individuals to health, safety and the environment.

Our recent efforts in terms of environmental protection have targeted reductions in water and energy consumption, greenhouse gas emissions control, improvements in the performance of water treatment installations, reduction of volatile organic compound emissions, raw material savings and recycling, and reductions in waste materials and increases in recovery rates.

An internal committee of experts called ECOVAL assesses the environmental impact of the pharmaceutical agents found in products marketed by Sanofi. It has developed an environmental risk assessment methodology, in line with regulatory expectations and runs programs to collect the necessary data for such assessments. Assessments have been conducted for products launched since 2006, in accordance with regulatory requirements. For products launched prior to 2006, further environmental toxicity tests are conducted on a voluntary basis to obtain additional data when the available data are insufficient. These tests have made it possible to supplement or update assessments and determine the environmental risks resulting from their use by patients. In addition to these assessments, the HSE Department is working on more innovative environmental impact monitoring projects by testing new technologies available on the market or by developing scientific partnerships with academia.
Another expert committee, TRIBIO, is involved in assessing the environmental risks associated with biological agents. Through audits, the committee ensures that environmental risks remain under control and in-house and international standards are met. The committee also helps develop training courses to maintain levels of expertise within the Group.

1.B. Organization of the HSE function within the Sanofi Group

The Group’s HSE Department, active at all Sanofi sites, comprises more than 30 experts in the areas of the environment, industrial hygiene, industrial toxicology, workplace safety, fire safety, industrial risks and occupational medicine. It is responsible for establishing HSE policy and general objectives, coordinating and leading initiatives to meet these objectives, maintaining and developing expertise and reporting on overall HSE performance to management through dashboards and audits.

The HSE function is organized as follows:

- The HSE Department is active at each of Sanofi’s industrial and research sites, which represent a total of more than 140 sites (not including headquarters or administrative centers) as well as more than 738 employees who run and implement HSE programs at the sites (including operational teams who focus on waste treatment installations);
- Medical surveillance at the sites is provided by occupational physicians who are either employed full-time or part-time by Sanofi or by physicians who are members of inter-professional networks. They are assisted in their duties by occupational nurses;
- The five European sites classified as Seveso II establishments have specialized response resources implemented by shift crews and employees who have received second response training; and
- Finally, each site establishes and maintains its own emergency response plan according to the risks to be prevented and the internal or external resources that would be implemented or requested in response to those risks.

1.C. Environmental audits and certification

Regulatory monitoring of developments relating to the environment, part of the HSE regulatory monitoring system, is performed for all of Sanofi’s industrial and scientific activities in France. Affiliates with industrial and scientific activities in other countries also perform their own monitoring of legal developments relating to HSE. The Group HSE Department runs audit programs to assess compliance with local administrative and regulatory requirements and Sanofi’s HSE rules and standards. In 2014, in-house teams carried out 54 complete health, safety and environment audits at Group sites and pharmaceutical operations head offices. Our central teams conducted 14 specialized HSE audits targeting contractor management (9) and biosafety (5). Moreover, 147 loss prevention technical visits and 73 specific audits were conducted with the assistance of technical experts from Sanofi’s insurers.

In addition to internal verifications and audits, Sanofi sites are also subject to regular inspections by local authorities and regulatory verifications by third parties with respect to specific concerns. We also believe that we are in substantial compliance with current HSE laws and regulations, and that all environmental permits required to operate our facilities have been obtained. However, in 2014, the Mexican authorities ordered our Occoyoacac site to shut down one of its production lines for about 10 days for failure to update environmental documentation.

Environmental indemnification in 2014 was immaterial.

We are involved in various certification processes relating to safety, the environment and energy. A total of 55 sites worldwide were ISO 14001 certified in 2014, and 35 of these sites are OHSAS certified. Fifteen administrative buildings devoted to R&D and production are LEED certified. With regard to administrative sites, three sites are LEED certified (two in China and one in the United States), two sites in France are certified to operate as HQE sites, two sites in the United States are Energy Star certified and four sites (Germany, Australia, Singapore and Switzerland) have received local environmental certifications. Certification focusing on energy management (ISO 50001) has been successfully obtained at all Sanofi sites operating at the Höchst industrial platform in Frankfurt. In addition, our site in Aramon, France is certified to ISO 50001 level 2 and our sites in Compiègne, France and Casablanca, Morocco are certified to ISO 50001 level 1.

1.D. HSE training and communications for employees

Sanofi invests in training that is designed to incorporate environmental protection into all our activities. Training on environmental protection is an integral part of our HSE approach.

Upon hiring, all Sanofi employees receive HSE training adapted to their position enabling them to perform their duties in strict compliance with HSE rules. Depending on their jobs, employees may also take other training modules specifically related to their position (for example, eco-driving for medical and other sales representatives, chemical risks for employees who work with chemical products, etc.).

In 2014, more than 362,000 hours of HSE training were provided worldwide (including eco-driving training).
Also in 2014, the HSE Department continued to develop the HSE Academy established in 2012, which provides HSE culture training modules for all managers and employees (see Section 4.2.2.).

1.E. Measures to prevent environmental risks and pollution

Investments and operating expenses devoted to preventing environmental risks and contamination are included in the investments and expenses incurred in respect of implementation of the Group’s HSE policy. Investments relating to industrial hygiene, safety, working conditions and accessibility for people with disabilities, process safety and the environment amounted to €86 million in 2014, including €44 million for the prevention of environmental risks and contamination. HSE operating expenses, including payroll expenses for HSE staff, consumables, energy and labor at treatment installations, the cost of waste treatment and recycling, environmental taxes, studies and audit services totaled €200 million in 2014.

Sanofi has launched a forward-looking “10-year strategic plan for the environment” for all of its chemical and biotechnology sites. Under the plan, the different environmental challenges for each site, including both regulatory issues and factors associated with the specific local context, are outlined and prioritized. This information is then used to determine the resources required for managing the identified risks.

1.F. Provisions for environmental risks and remediation

Applicable environmental laws and regulations may require Sanofi to eliminate or reduce the effects of chemical substance discharge at our various sites. The sites in question may belong to the Group, be currently operational, or they may have been owned or operational in the past. In this regard, Sanofi may be held liable for the costs of removal or remediation of hazardous substances on, under or in the sites concerned, or on sites where waste from activities has been stored, without regard to whether the owner or operator knew of, or under certain circumstances, caused the presence of the contaminants, or at the time site operations occurred, the discharge of those substances was authorized.

As is the case for a number of companies in the pharmaceutical, chemical and intense agrochemical industries, soil and groundwater contamination has occurred at some Group sites in the past, and may still occur or be discovered at others. In Sanofi’s case, such sites are mainly located in the United States, Germany, France, Hungary, the Czech Republic, Italy and the United Kingdom. As part of a program of environmental audits conducted over the last few years, detailed assessments of the risk of soil and groundwater contamination have been carried out at current and former Group sites. In cooperation with national and local authorities, Sanofi regularly assesses the rehabilitation work required and carries out such work when appropriate. Long-term rehabilitation work is in progress or planned in Mount Pleasant, East Palo Alto and Portland in the United States; Frankfurt in Germany; Brindisi and Garessio in Italy; Dagenham in the United Kingdom; Ujpest in Hungary; Prague in the Czech Republic; Beaucaire, Valernes, Limay, Rousset, Romainville, Neuville, Vitry, Tours and Toulouse in France; and on a number of sites divested to third parties and covered by contractual environmental guarantees granted by Sanofi.

Sanofi may also have potential liability for investigation and cleanup at several other sites. Sanofi has established provisions for the sites already identified and to cover contractual guarantees for environmental liabilities for sites that have been divested. In France specifically, Sanofi has provided the financial guarantees for environmental protection required under French regulations.

Potential environmental contingencies arising from certain business divestitures are described in Note D.22.e to the consolidated financial statements. In 2014, Sanofi spent €58 million on rehabilitating sites previously contaminated by soil or groundwater pollution.

Due to the changes in environmental regulations governing site remediation, Sanofi’s provisions for remediation obligations may not be adequate due to the multiple factors involved, such as the complexity of operational or previously operational sites, the nature of claims received, the rehabilitation techniques considered, the planned timetable for rehabilitation, and the outcome of discussions with national regulatory authorities or other potentially responsible parties, as in the case of multiparty sites. Given the long industrial history of some of our sites and the legacy obligations arising from the past involvement of Aventis in the chemical and agrochemical industries, it is impossible to quantify the future impact of these laws and regulations with precision (see Section “3.1.8. Facteurs de risque – 4. Risques industriels liés à l’environnement” of our Document de Référence).

Sanofi has established, in accordance with our current knowledge and projections, provisions for cases already identified and to cover contractual guarantees for environmental liabilities relating to sites that have been divested. During the year, a comprehensive review was carried out on the legacy of environmental pollution. In light of data collected during this review, we adjusted our provisions to approximately €697 million as of December 31, 2014, compared with €698 million in 2013. The terms of certain business divestitures, and the environmental obligations and retained environmental liabilities relating thereto are described in Note D.22. to our consolidated financial statements. In accordance with Group standards, these provisions are reviewed twice a year and updated in light of new information, if applicable.
4.2.2. Health and safety in the workplace

2.A. Policy and initiatives in 2014

A number of initiatives launched in 2012 were pursued in 2013 and 2014 to ensure comprehensive monitoring of occupational health and safety conditions.

2.A.a. Collective agreement

In France, the committee responsible for overseeing the three-year “arduous work” agreement signed in 2011 held a meeting to review the year 2014. This agreement bolsters initiatives aimed at preventing occupational health risks among our employees in France.

2.A.b. Special training on health and safety issues: the HSE Academy

In 2014, about 4,200 employees received training through the HSE Academy, which groups together HSE training programs proposed and approved by the HSE Department (regulatory training not included).

The principal training initiatives during the year included the following:

• Various HSE culture training modules continued to be offered primarily at Genzyme, Merial, Sanofi Pasteur and Sanofi Chimie, providing training for 760 employees. A total of nearly 7,900 managers have taken part in the program since it was launched in 2003;

• Road safety was addressed through behind-the-wheel driver training modules offered primarily in Latin America and Asia (Indonesia, the Philippines, India and Pakistan). This training was supplemented by e-learning modules offered in a dozen countries (see Section 2.A.d);

• HSE management and leadership training sessions were developed for the following employee categories:
  – Company HSE auditors: This program was certified by the International Register of Certified Auditors (IRCA) during the year;
  – Site directors and management committee members: A total of 44 employees followed the European Centre for Executive Development’s Safety and Leadership (CEDEP) program;
  – Site managers: In 2014, 250 managers in France, Hungary and North America received training under the Human Organizational Management for Safety (HOMS) program, which has been offered in France since 2012;

• We continued our efforts to reinforce employees’ industrial hygiene capabilities on-site through training modules offered by the Occupational Hygiene Training Association (OHTA). In addition to modules W201 (Basic Principles of Occupational Hygiene) and W505 (Control of Hazardous Substances), offered in 2012 and 2013, module W506 (Ergonomics Essentials) was offered in 2014. Forty-two employees in Asia (India and China) and Europe received training. At the end of this multi-year training program, employees are eligible to receive an internationally recognized diploma; and

  • The three biosafety training programs were offered to employees at sites exposed to biological risk:
    – Basic module (7h);
    – Bio Safety Officer (BSO) training program (36h); and
    – Program for quality control lab staff (3h).

Worldwide, 110 employees participated in these programs.

2.A.c. Initiatives to prevent occupational injuries

Prevention of serious and potentially serious accidents involving equipment

In 2014, in an effort to harmonize protective measures, which are often determined by local regulations, a guide was made available to Group sites to help them identify risks, assess the level of protective measures and develop action plans.

Prevention of accidents involving independent contractors on Sanofi sites

Sanofi’s HSE policy applies to both Sanofi employees and any employees of outside firms who work at our sites. However, the severity of accidents involving independent contractors on Sanofi sites remains high. With this in mind, Sanofi has strengthened recommendations regarding the hazardous work often performed by outside service providers, by adapting an internal guide devoted to the management of independent contractors. The new version of this guide suggests actions that can be taken through partnerships established with outside firms, with the aim of including them in Sanofi’s HSE management system and enhancing their safety culture.

After certain sites performed a retrospective analysis of the most recent health and safety plans, and of work permits (for employees of outside firms), an HSE peer review audit plan was developed to conduct on-site analyses of how these firms handle hazardous work situations.

Audits were conducted at 81 sites worldwide in 2013 and 2014, after which a report was drafted and an action plan was developed for each site. The action plans are currently being implemented.

2.A.d. Road safety training

In 2014, Sanofi continued its commitment to road safety. During the year, our accident rate reached a ten-year low thanks to training efforts in the majority of countries where we operate. We offered a total of 42,000 hours of training in road safety this year. Web-based training modules specifically designed to meet the individual needs of medical sales representatives were put in place in a dozen...
4.2.2. Health and safety in the workplace

Sanofi has renewed its endorsement of the European Road Safety Charter, with the following three commitments: to continue and further develop hands-on training, to join the Good Practices label program for road safety, and to analyze road accidents with the aim of identifying corrective measures.

Sanofi’s HSE Department revised its internal rules in an effort to bolster road safety, placing greater emphasis on manager support, accident analysis (including organizational and human factors) and passive safety features in vehicles.

During a ceremony at the Carrousel du Louvre in Paris, the Road Safety Committee presented awards for exemplary performance to medical sales representatives from Australia, India, the Philippines, Spain, Vietnam and the United Kingdom.

2.A.e. Preventive health program for employees

Sanofi’s employee wellness and prevention program, initiated in 2012, aims to promote healthy lifestyles and prevent or delay the onset of chronic disease by focusing on three pillars: a balanced diet, regular physical activity and prevention through measures developed with the help of in-house and outside experts.

Two pilot initiatives began in 2013, one at the La Boétie headquarters in France, and the other at our Shanghai site. As part of the initiative in France, an assessment of the program’s impact on employee behavior is currently being conducted with the support of academic experts. The findings will be released in mid-2015. We have used preliminary findings to model certain components and begin rolling them out at other sites.

Since late 2014, the first countries to implement the program were China, Russia, Egypt and Australia. In France, deployment is currently ongoing at our Montpellier sites, followed by our new site in Gentilly and the Lyon sites. The program was initially expected to be deployed across all Sanofi sites worldwide in 2014. However, because the scientific assessment of the program will not be available until mid-2015, deployment will continue in 2015.

In parallel, to ensure that the deployment goes smoothly, prevention and wellness measures and best practices have been inventoried across all Sanofi sites worldwide.

Finally, with regard to the La Boétie site, Sanofi has made a commitment to adhere to the French national health and nutrition program (PNNS) active site charter established by the French Regional Health Agency (ARS). This commitment will be extended to our major sites in France in 2015.

Under the leadership of the Workplace Health Committee created in 2010, Sanofi continues to introduce initiatives to prevent psychosocial risks across the Group’s French sites. In 2014, 96% of French sites were covered by the Group’s Stress Observatory, which was modified to reduce the lag time between the release of findings and the introduction of action plans. The mental health training program for occupational health teams at French sites is continuing, with 62% of occupational physicians and 76% of nurses receiving training in burnout prevention. In parallel, group management practices workshops are being introduced at Sanofi sites in France to develop management skills through collective learning, and psychosocial risk prevention training is being provided at various sites worldwide (Latin America, North America, Asia and Germany).

2.A.f. Learning from experience (LEX)

Learning from experience is a continuous improvement initiative coordinated by the HSE Department. Its purpose is to examine past events, both positive and negative, in order to analyze (in ordinary situations or impaired conditions) how practices and prevention systems intended to protect people and property actually operate, and offer suggestions to make them more effective.

In concrete terms, the learning from experience initiative is carried out through:

- PRESS sheets (prevention by learning from Sanofi experience), which contain an analysis of major safety and environmental incidents, immediate corrective actions taken and areas of improvement; and
- LEX days on the risks associated with packaging equipment and the management of independent contractors, which were organized for teams in Latin America and for Zentiva in conjunction with the HSE Department.

LEX reports are also circulated throughout the Group. Incidents within the Group were used as examples for training on in-depth incident analysis (170 employees attended 13 training sessions in 2014).
2.B. Health and safety indicators

Occupational injuries

<table>
<thead>
<tr>
<th>Lost time injury frequency rate*</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sanofi employees:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>4.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Worldwide</td>
<td>1.9</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Distribution of worldwide rate by function:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Affairs</td>
<td>1.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Vaccines</td>
<td>3.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Genzyme</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Merial</td>
<td>3.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Research and Development</td>
<td>1.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Global Operations</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Support Functions</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Independent contractors</td>
<td>3.0</td>
<td>2.9</td>
</tr>
</tbody>
</table>

* Number of accidents resulting in lost time of one day or more within a 12-month period, per million hours worked. For non-mobile personnel, accidents occurring during the home-workplace commute are not included in this indicator. However, they are included for medical sales representatives, in accordance with reporting rules. To obtain comparative data, the figures for 2013 have been restated for the scope of the Group at the end of 2014.

At the global level, these data are consolidated for all Group companies, including joint ventures and consolidated companies included in the Group’s financial results.

The lost time injury frequency rate for Group employees rose slightly in comparison with 2013 but was 9.5% lower than in 2010.

In France, the lost time frequency rate for Sanofi employees was 4.2%, which represents an increase over 2013 but a decrease in comparison with 2010. This means that out of 150 Group employees, less than one experienced an occupational injury, whereas the French national average is one out of 30 employees (2013 data).

Sanofi decided not to publish the severity rate calculated according to the criteria defined by French regulations. Because this rate is calculated solely on the basis of the number of days of lost time, it does not reflect the actual severity of injuries from an international standpoint. In other words, for a given injury, the number of days of lost time may vary considerably from one country to another depending on the applicable regulations and compensation systems. However, in 2013 Sanofi’s HSE Department defined criteria for the potential severity of occupational accidents to better target the actions to be implemented to reduce the number of potentially serious accidents and take into account human and organizational factors in an in-depth analysis of these incidents. The ultimate aim is to focus the Group’s efforts on ways to prevent potentially severe injuries, rather than reacting after accidents occur. Potentially serious accidents are systematically identified, reported and, since January 2014, thoroughly analyzed.

The lost time injury frequency rate for Genzyme employees improved in comparison with 2013. Frequency rates for Global Operations and Support Functions remained approximately the same as in 2013, while they increased for R&D, Vaccines, Merial, Industrial Affairs and independent contractors.

Occupational diseases

Occupational diseases and their causes are divided into categories according to the CEFIC (European Chemical Industry Council) classification system. More than one occupational disease may be reported for a single individual.

For the purposes of prevention, the number of occupational diseases is consolidated for the entire Group each year in order to progressively improve the information reported in accordance with local regulations, which may vary greatly from one country to the next.

As of December 31, 2014, 43 occupational diseases were reported for all sites in France. At the global level, 73 occupational diseases were reported in 2014, essentially in France and North America, where reporting
and recognition systems are well-established and readily accessible.

Recognition of the occupational nature of a disease in France may require rather lengthy investigations (lasting more than six months). For this reason, as of January 31, 2015 in France, out of 43 reported occupational diseases, 14 were recognized as such. In comparison, out of 28 reported occupational diseases in North America, 25 were recognized.

The leading cause of occupational diseases at Sanofi is musculoskeletal disorders, which accounted for 92% of occupational diseases in 2014, and for which we have introduced a number of preventive initiatives.

### 4.2.3. Environmental information

#### 3.A. Sustainable use of resources

##### 3.A.a. Water consumption

Water utilized during manufacturing (for fermentation in particular) and heat exchange processes (cooling without product contact) is essentially drawn from available waterways and groundwater. In 2014, specific operating measures aimed at reducing water consumption (moderation and recycling) and the continued conversion of chemical production facilities to biotechnologies led to a 3.2% reduction in water consumption in our manufacturing and R&D activities compared with 2013.

<table>
<thead>
<tr>
<th>(m$^3$)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of surface water (lakes, rivers, etc.)</td>
<td>14,276,503</td>
<td>16,037,989</td>
</tr>
<tr>
<td>Consumption of groundwater</td>
<td>21,239,080</td>
<td>21,049,842</td>
</tr>
<tr>
<td>Consumption of water from public supply</td>
<td>8,987,472</td>
<td>8,891,231</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44,503,055</strong></td>
<td><strong>45,979,062</strong></td>
</tr>
</tbody>
</table>

We have taken on the ambitious goal of reducing water consumption by 25% between 2010 and 2020. In 2014, the Group has already reduced water consumption by 20.1% compared with the reference year (2010).

##### 3.A.b. Water supplies and local constraints

Water is needed for many of the steps to produce medicines and vaccines, and Sanofi is committed to responsibly managing this vital resource, particularly in areas where water supplies are limited.

In 2014, we revised and fine-tuned our approach at water-sensitive sites. This approach is based on the absolute volume of water consumed by the site as well as conditions of water stress and water scarcity affecting the site locally. To date, 26 sites have been identified and asked to conduct in-depth studies on the local water supply situation and set relevant targets for reducing water consumption. This program will be put in place gradually, starting in 2015.

In 2014, the 26 sites identified accounted for 79% of Sanofi’s water consumption, compared with 73% in 2013. This increase was due to a substantial increase at one of the sites concerned, whereas water consumption decreased at most of the other sites.

In 2014, several sites (such as the vaccines site in Toronto, Canada and the chemicals site in Garessio, Italy) conducted special studies on water consumption to identify ways of reducing or optimizing their water consumption through reuse or cooling.

Moreover, in 2014 the Ankleshwar site in Gujarat, India installed a special system to collect rainwater for reuse in cooling circuits.

##### 3.A.c. Energy consumption

Energy is used directly for the implementation of our production processes, to operate environmental protection facilities, and for air conditioning in buildings in order to ensure compliance with good pharmaceutical manufacturing practices and provide good working conditions for employees. Energy consumption decreased by 4.4% compared with 2013, particularly through energy efficiency measures, the continued reorganization of R&D entities and the conversion of chemical production facilities to biotechnologies.
Renewable energy accounts for 8% of Sanofi’s total energy consumption. It includes, for each country, the percentage of purchased electricity generated from renewable sources as well as consumption of thermal fluids from renewable sources (geothermal energy) and biomass for heat generation.

### 3.A.d. Measures to improve energy efficiency and the use of renewable energies

The Group applies a comprehensive strategy to address the challenges of climate change and a limited supply of fossil fuels. The Group’s overall strategy is discussed in Section “3.B. Climate change.”

Our strategy focuses on three goals:

#### Reduced consumption

An energy conservation program has been implemented at all our sites with a specific focus on air treatment systems, which ensure high-quality production environments. These systems are some of the largest users of energy, accounting for up to 70% of energy consumption at certain pharmaceutical and vaccine manufacturing sites. In 2013, Sanofi signed a three-year collaboration agreement with Schneider Electric to deploy energy performance management tools and carry out feasibility studies in key technological fields such as air treatment, the production and distribution of electricity, heat and cooling, as well as the development of renewable energies.

Our energy efficiency approach impacts all our activities, affecting industrial facilities as well as vehicle fleets for medical sales representatives and the mode of transport we use for product distribution.

#### Optimized consumption

We develop the best available equipment at our industrial sites, factoring in the total cost of equipment ownership, particularly for equipment with the highest proportion of energy costs (engines and lighting). In 2012, Sanofi entered into a master service agreement with Cofely for the construction of high efficiency cogeneration units and/or heat production units powered by renewable energy at Sanofi sites in Europe. This will help reduce the sites’ overall fossil fuel consumption. In 2013, the term of the agreement was extended to 2017 and its scope was expanded to include sites located in China, Latin America and North America. In 2014, two cogeneration units began operating at our sites in Brindisi and Anagni, Italy.

### Alternative consumption (using renewable energies)

As part of our strategy to reduce greenhouse gas emissions, we conduct regional assessments relating to the use of renewable energies, based on risk/opportunity analyses (risk of supply shortages versus opportunities offered by government incentives). In India, our site in Ankleshwar commissioned a wind turbine that generates 2.5 MW of electricity. In Germany, as of late 2014 renewable energy accounts for 71% of energy consumption at Merial’s R&D site in Kathrinenhof, owing in large part to a wood-fired power plant.

Progress toward these three strategic goals is monitored through extensive, detailed energy consumption measurements that are used to assess our performance.

To coordinate efforts across the entire Group, we created a Climate Change Committee, which is in charge of:

- Sharing best practices and knowledge;
- Keeping abreast of new regulatory requirements;
- Making recommendations to implement goals, function by function;
- Monitoring progress toward achieving goals; and
- Tracking variations in energy prices.

All functions and business units are represented on the Climate Change Committee, including HSE, CSR, Research and Development, Industrial Affairs, Procurement, Vaccines, Supply Chain, Facility Management, etc.

The Sanofi Energy Network is now fully operational. All our industrial and R&D sites as well as each business function have an Energy Network task force, which is in charge of setting goals and establishing action plans to reduce energy consumption and meet CO₂ emissions objectives. Energy managers and/or energy specialists have also been appointed at each site.
Task forces meet on a regular basis to address technical issues and monitor progress, discuss achievements and provide updated information to all site energy managers and specialists.

### 3.A.e. Consumption and optimization of raw materials

Among raw materials, solvents, primarily used for the synthesis and formulation of active pharmaceutical ingredients (essentially solid forms), have the greatest potential environmental impact. We have established recommendations for proper use at the Group level, and solvents are selected or substituted based in particular on the degree to which they help reduce potential health, safety and environmental risks.

Solvents used in the production process are either purchased (consumed quantities) or regenerated at Sanofi sites. Sanofi encourages process optimization, regeneration when possible, and incineration with energy recovery in an effort to reduce consumption of non-renewable raw materials.

The continued conversion of chemical production to biotechnology has led to a 3.3% decrease in the quantity of solvents used by Sanofi (compared with a 6% decrease between 2012 and 2013). The solvent regeneration rate has risen very slightly as a result of the increase in solvents purchased (consumed quantities) or regenerated at Sanofi sites. Sanofi encourages process optimization, regeneration when possible, and incineration with energy recovery in an effort to reduce consumption of non-renewable raw materials.

<table>
<thead>
<tr>
<th>Solvents used</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of regenerated solvents</td>
<td>64%</td>
<td>60%</td>
</tr>
</tbody>
</table>

### 3.A.f. Land use

Land use is not a major issue at Sanofi. Only our developed property has an impact on land use, which is considered very limited compared with other industries. The limited impact of our activities on land use and any indemnifications resulting therefrom are detailed in Section “4.2.1.F. Provisions for environmental risks and remediation.”

### 3.B. Climate change

#### 3.B.a. Greenhouse gas emissions

Sanofi’s strategy to address energy and climate change challenges focuses on three key areas: energy consumption, greenhouse gas emissions and energy spending. Aware of the dwindling supply of fossil fuels and the impact of their use on climate change (conversion of fossil carbon into atmospheric carbon), we have made it a priority to reduce scope 1 and 2 greenhouse gas emissions by 20% by 2020 on a like-for-like basis compared with 2010. This goal is being pursued by all our industrial and R&D sites through a specific policy aiming to improve energy efficiency and the use of renewable energies. The measures taken by the Group are detailed in Section “4.2.3.A.d. Measures to improve energy efficiency and the use of renewable energies.”

The combustion of natural gas and liquid hydrocarbons releases carbon dioxide into the atmosphere (direct emissions). The European CO₂ Emissions Credit Trading Scheme (ETS), established in accordance with the Kyoto Protocol, concerns eight of our European industrial sites for the 2013-2020 period. In addition, four other industrial sites participate indirectly in the scheme through their energy providers.

Emissions from vehicles used by medical sales representatives were estimated on the basis of fuel consumption and/or fleet mileage. In 2014, corresponding CO₂ emissions decreased by 2.6% from 2013, on a comparable basis. This decrease is a result of the sizable increase in the workforce in emerging countries and the stabilization of the workforce in other countries. Greenhouse gas emissions per kilometer driven fell to an average of 167g CO₂ e/km\(^1\) compared with 196g CO₂ e/km in 2013.

Electricity consumption generates emissions qualified as indirect for the suppliers that provide electricity for our sites. These emissions are calculated based on emission factors published by the International Energy Agency (for countries other than the United States) and the GHG Protocol (for the United States). Indirect emissions resulting from purchased steam are included in indirect emissions for each site. Although emissions from the transportation of materials are not included in this total, efforts made since 2009 to reduce such emissions were continued in 2014 (development and continued use of barges and maritime shipping as an alternative to road and air transportation).

In line with changes in energy consumption (fossil fuels and electricity), direct and indirect CO₂ emissions decreased by 5% and 2.3%, respectively, compared with 2013. This decrease reflects our efforts to control energy consumption and choose energy sources that emit fewer greenhouse gases. Compared with the reference year for Sanofi’s new objective (2010), direct and indirect emissions from manufacturing and research sites (not including vehicle fleets) decreased by 13.5% overall.
In addition to measures taken to reduce our energy consumption (fossil fuels and electricity), we have also taken measures to decrease work-related travel. Videoconferencing rooms have been installed, allowing multi-site meetings to be held without systematically requiring employees to travel.

### 3.B.b. Adapting to the consequences of climate change

Extreme weather caused by climate change could present a risk to both our production facilities and our distribution chain, right up to delivery of our products to patients. To guard against these risks, our facilities are constructed to the highest standards, using state-of-the-art engineering techniques and taking maximum constraints into account in the design phase. In addition, during site visits, technical experts from the Group’s insurers issue recommendations for dealing with extreme weather conditions, such as putting in place an emergency plan for flood risks. Risks related to natural disasters are also taken into consideration in Sanofi’s crisis management plan, across all levels of our production sites and supply chains.

### 3.C. Pollution and waste management

#### 3.C.a. Measures to prevent and reduce air, water and soil pollutants with a serious impact on the environment

**Air emissions**

Controlling volatile organic compound (VOC) emissions from drug synthesis and manufacturing activities is a critical priority for Sanofi. Steps to control these emissions are integrated into each stage of product development, from research to production:

- Reduced use of organic solvents thanks to green chemistry techniques and key process performance indicators used by our R&D teams;
- Reduced point-source emissions through specific adjustments in manufacturing processes and maximum solvent containment; and
- Because manufacturing processes and equipment are never completely isolated from their environment, residual VOC emissions are captured and treated at special treatment facilities using the best available techniques for the specific physico-chemical properties of the VOCs emitted (cryogenic capture, gas scrubbers, thermal oxidizers, etc.).

VOC emissions are estimated either on the basis of mass balance or by direct measurements, with quantities remaining largely unchanged.

<table>
<thead>
<tr>
<th>(Tons of VOCs (estimated))</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct emissions</td>
<td>2,900</td>
<td>2,801</td>
</tr>
</tbody>
</table>

In addition to carbon dioxide (CO\(_2\)), local pollutants such as sulfur oxides (SO\(_x\)) and nitrogen oxides (NO\(_x\)) are generated by combustion. Most boilers have been converted from coal or fuel oil (energy resources that emit SO\(_x\)) to natural gas.

Only SO\(_x\) emissions related to coal and fuel oil combustion are reported. Besides the coal used to produce electricity for emergency generators at a single site located in China, fuel oil is essentially used to produce electricity for emergency generators (and a few minor uses for heat production). The 6.4% increase in Sanofi’s SO\(_x\) emissions between 2013 and 2014 is primarily linked to the use of emergency power generators that run on fuel oil following recurring outages on the national power grid affecting our vaccine production site in Shantha, India.

<table>
<thead>
<tr>
<th>(Tons of SO(_x))</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct emissions</td>
<td>265</td>
<td>249</td>
</tr>
</tbody>
</table>

Increased use of natural gas (which generates fewer emissions) as a replacement for fuel oil reduces greenhouse gas emissions generated by the burning of fossil fuels, leading to a 12.2% decrease in NO\(_x\) emissions.

**Wastewater discharge**

Industrial effluent wastewater is treated either on-site at our facilities or at municipal water treatment plants under agreements signed with plant operators. The data reported
correspond to effluents after internal and/or external treatment. Chemical oxygen demand (COD) is the primary environmental indicator of effluents. If no information on external treatment is available, a 50% purification rate is assumed. All internal wastewater treatment plants, regardless of type – membrane bioreactors, conventional biological or physico-chemical – undergo continuous improvement: sorting at the source and separate treatment for certain waste streams, and the optimization of biological treatment with the support of Sanofi’s environmental laboratory teams.

<table>
<thead>
<tr>
<th>(Tons)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD</td>
<td>2,902</td>
<td>2,580</td>
</tr>
</tbody>
</table>

Nitrogen and total suspended solids (TSS) contained in industrial effluents are also a characteristic of the "environmental load" and make it possible to measure the effectiveness of pre-discharge treatment systems.

<table>
<thead>
<tr>
<th>(Tons)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen</td>
<td>218</td>
<td>285</td>
</tr>
<tr>
<td>Total suspended solids (TSS)</td>
<td>712</td>
<td>511</td>
</tr>
</tbody>
</table>

Thanks to our high-performance treatment systems, nitrogen emissions were reduced by 23.5%.

In 2014, increased activity at Sanofi and BASF sites in Saint-Aubin-lès-Elbeuf caused the pollutant load requiring treatment at the companies’ shared treatment plant to exceed the plant’s treatment capacity. As a result, our chemicals site produced more wastewater discharge than in 2013, accounting for 35.3% of the Group’s total COD emissions. To ensure discharge remains in compliance, the site began pumping part of its effluents for treatment as waste. Moreover, in order to oversee the plant’s operational management, Sanofi took control of the plant and began work on it in the second quarter of 2014 to increase its treatment capacity. The work will be completed in April 2015. This is the principal reason why Sanofi’s COD and TSS measurements increased between 2013 and 2014.

Sanofi water experts pursue efforts to reduce wastewater discharge. They evaluate the best available techniques and anticipate their implementation in order to ensure the continued compliance of our treatment facilities.

At the local level, each site is responsible for determining its own wastewater management program, based on environmental impact assessments and regulatory impact analyses. These programs involve:

- Characterizing the principal pollutants and sources of wastewater;
- Determining the technologies to be implemented depending on the type of wastewater; and
- Monitoring discharge and facility performance.

In response to the emerging topic of pharmaceuticals in the environment (PIE), Sanofi has developed an approach coordinated by the HSE Department in line with the requirements of the Group’s CSR policy.

Our approach focuses on four key areas:

- Improving the Group’s knowledge about the impact of our products by assessing environmental hazards and risks. These assessments are either required by regulations or conducted by Sanofi on a voluntary basis, and are conducted by the ECOVAL committee on both new and marketed products;
- Developing the Group’s general knowledge about pharmaceuticals in the environment through research partnerships with academia (such as the Peres Center for Peace) and other stakeholders (pharmaceutical associations);
- Analyzing wastewater effluents at our manufacturing sites and assessing their impact on the environment, if necessary by developing environmental target values for pharmaceutical products with the ECOVAL committee or ad hoc analytical methods at in-house labs. As part of a 2012-2015 program affecting several sites, environmental target values have been determined for 30 compounds detected in effluents, pre-selected on the basis of criteria relating to hazard levels. To date, 44% of these quantified compounds have been reviewed and assigned a target value. Additional studies are underway for the remaining 56% and will be finalized by the end of 2015; and
- Exploring new technologies for treating these types of micro-pollutants.

During the summer of 2014, the Vertolaye site installed quaternary micropollutant treatment equipment. Studies are underway to assess this technology’s efficacy in reducing discharge from pharmaceutical plant effluents.

To promote proper disposal practices, Sanofi also supports take-back programs to collect unused medicines from patients. To this end, Sanofi has developed a list of recommendations for patients, entitled “What to do with your unused medicines.”

### Soil contamination

With regard to prevention, in accordance with the Group’s Health, Safety and Environment policy and regulatory requirements, all Group sites are equipped with containment systems and/or systems for collecting accidental releases to prevent them from penetrating the soil. All containment systems are built to the highest standards and are covered by appropriate maintenance programs to ensure the integrity of the sites' effluent collection systems. Our sites are also equipped with emergency spill control kits wherever potentially harmful substances are stored or handled.
Sanofi systematically implements a multi-year soil and groundwater monitoring and evaluation program for Group sites, both for those with ongoing operations and those being sold. Where necessary, remediation work is carried out following detailed evaluations.

3.C.b. Waste prevention, recycling and disposal measures

Reducing waste volume and appropriate waste management are important objectives for Sanofi. The key to our policy is a systematic examination of recycling possibilities before waste is disposed in any other manner. Each site manages its waste according to following principles:

• Reduce waste at the source;
• Reuse, recycle or recover on-site or with selected subcontractors;
• Incinerate with energy recovery wherever possible; and
• Send waste to landfills as a last resort, provided that the landfill is duly regulated and monitored. Landfills used for hazardous waste are audited annually, and those used for non-hazardous waste are audited every three years.

Sanofi’s waste management program includes procedures to categorize process streams and properly identify, organize, collect, sort, treat, store, transport and dispose of each type of waste. In addition, we keep records of all waste management documents to ensure traceability through final treatment.

Prior to engaging a new waste contractor, the contractor’s qualifications, competence and compliance with regulations are thoroughly verified.

Integrated waste management approaches have been implemented (Canada, the United States and France) or initiated (Germany and Italy) to optimize waste disposal at our different sites in these countries.

<table>
<thead>
<tr>
<th>(Tons)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled hazardous waste</td>
<td>32,305</td>
<td>34,437</td>
</tr>
<tr>
<td>Hazardous waste incinerated with thermal recovery</td>
<td>35,538</td>
<td>39,758</td>
</tr>
<tr>
<td>Hazardous waste incinerated without thermal recovery</td>
<td>70,106</td>
<td>57,420</td>
</tr>
<tr>
<td>Hazardous waste sent to authorized landfills</td>
<td>2,983</td>
<td>2,485</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>140,932</strong></td>
<td><strong>134,100</strong></td>
</tr>
</tbody>
</table>

Hazardous waste sent to landfills represents 2.1% of the total hazardous waste produced by the Group. This means of disposal is used only as a last resort when local incineration plants are unavailable.

<table>
<thead>
<tr>
<th>(Tons)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled non-hazardous waste</td>
<td>78,830</td>
<td>68,970</td>
</tr>
<tr>
<td>Non-hazardous waste incinerated with thermal recovery</td>
<td>16,476</td>
<td>17,997</td>
</tr>
<tr>
<td>Non-hazardous waste incinerated without thermal recovery</td>
<td>1,908</td>
<td>2,100</td>
</tr>
<tr>
<td>Non-hazardous waste sent to authorized landfills</td>
<td>20,041</td>
<td>19,277</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117,255</strong></td>
<td><strong>108,345</strong></td>
</tr>
</tbody>
</table>

Following the takeover of the treatment plant at Saint-Aubin-lès-Elbeuf, the quantity of non-hazardous waste produced in 2014 rose 5.1%, with the recovery rate (recycling or thermal recovery) remaining relatively stable compared with 2013. It should be noted that non-hazardous building waste is not included in the data below, even though Sanofi focuses on recovery after treatment.

3.C.c. Consideration of noise and other forms of pollution

Sanofi’s activities do not cause any major nuisances relating to noise or odors.

Noise pollution is above all seen as a health risk for employees who work near machines. Noise measurements are taken around our sites on a case-by-case basis; however, this is not part of an overall Group strategy. As an example, noise measurements taken around a site in Canada led Sanofi to install noise barriers around cooling towers located at the edge of the site.

Issues related to odors are primarily linked to fermentation activities. We are naturally committed to responding to any complaints that may be voiced by neighbors in the immediate vicinity of our sites.
3.D. Protecting biodiversity

In 2014, Sanofi commissioned an independent firm to conduct a document-based assessment of 116 industrial sites with respect to their biodiversity sensitivity. The evaluation looked at six criteria: proximity to a natural area, proximity to a protected area, proximity to wetlands integration into an ecological network (green corridor, etc.), presence of sensitive species/habitats and anthropic pressure. According to the initial findings, only nine sites (including six in Europe) present high biodiversity sensitivity. Additional studies will be conducted in 2015 to develop a more in-depth assessment.

We continuously seek new ways to limit and lower the environmental impacts of business activities in accordance with the Group CSR and HSE policies. In addition, as a global healthcare leader, Sanofi is aware that natural resources (plants, animals, etc.) from ecosystems are sources of potential innovative new medicines that could prevent or cure diseases. Thus, the Group recognizes the necessity to protect and conserve all natural resources that make up biodiversity.

The Group is aware that unapproved or substantial removal of natural resources, as well as production activities that cause pollution, may jeopardize the ecology and economy of the affected countries.

Sanofi is currently developing processes to protect and preserve biodiversity that call for:

- Monitoring suppliers responsible for collecting natural resources used in research projects to discover new medicines;
- Understanding the effects of the production and use of our medicines on natural resources;
- Implementing a fair process for sharing the benefits associated with the marketing of medicines derived from natural resources;
- Conserving habitats and species around Sanofi sites throughout the world; and
- Selecting suppliers who respect appropriate environmental and biodiversity preservation standards when we source biological materials and related services.

The Group adheres to the global conventions that define biodiversity preservation principles:

- The Convention on Biological Diversity, included in the United Nations Environment Programme (UNEP), signed at the Earth Summit in Rio de Janeiro in 1992. It defines commitments for maintaining the world’s ecological systems including the following three main goals:
  - Preservation of biological diversity;
  - Sustainable use of its components; and
  - Adherence to principles relating to the acquisition and utilization of natural resources, and the fair and equitable sharing of the benefits from their use;
- The Human Rights principles regarding the respect of rights for indigenous people to maintain, control, protect and develop their intellectual property over cultural heritage, traditional knowledge and traditional cultural expressions; and
- The United Nations Global Compact and Millennium Development Goals.

In 2013, Sanofi initiated a review of the active substances used at production sites for industrial purposes. According to the information collected to date, none of the plants or animals listed in Appendices I, II or III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are used in our production activities.

As a result of the findings of a pilot environmental impact assessment project carried out in 2011 at the Toulouse site (which is located near a Natura 2000 protected site), a good practices guide to promote biodiversity at Sanofi sites was published in 2013.

4.3. INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

4.3.1. Local economic and social impact of Sanofi’s activities

1.A. Worldwide

Participating in the local economic development of communities where Sanofi operates is a responsibility that the Group takes seriously. The ways in which the Group contributes to the economic development of these communities include:

- Investment choices;
- Local job creation, both direct and indirect;
- Healthcare training and education programs for local communities;
- Decisions about where to locate production sites with the aim of being closer to patients; and
- Purchase volumes and tax contributions.

Sanofi operates in over 100 countries, with industrial and R&D sites across the globe (see Section 2.4. “Investissements – Principaux établissements”). The geographic distribution of our workforce, sales and investments can be found in Section “4.1.1 – Employment”
and in note “D.35.3. Information par zone géographique” to the consolidated financial statements included in our Document de Référence.

In addition to Sanofi’s impact as an economic player and global public health partner, our commitment to the United Nations Millennium Development Goals is exemplified by the Sanofi Espoir Foundation’s initiatives to help local communities. Beyond responding to humanitarian emergencies, these initiatives aim to combat diseases, improve maternal and infant health, promote gender equality and empower women, fight poverty and implement a global partnership for development.

As an example, the local economic and social impact of Sanofi’s activities is described below for three countries.

1.B. In Turkey

With sales of €416 million in 2014 and a 5.6% market share, Sanofi Turkey is the country’s second largest pharmaceutical group(1).

Offering a wide range of innovative therapeutic solutions, Sanofi Turkey comprises several entities that are leaders in their respective sectors: Sanofi, with therapeutic solutions stemming from research and development; Zentiva, a generics producer; Sanofi Pasteur, fully devoted to vaccine production; Genzyme, a biotechnology company; and Merial, an animal health company.

Sanofi Turkey contributes to Turkey’s economic development through its local recruitment policy, which has led to the hiring of 1,627 employees as of December 31, 2014.

The company also helps drive the Turkish economy with the Zentiva Turkey industrial site (Lüleburgaz). With a production capacity of 450 million boxes, it is one of the country’s leading sites for production and industrial innovation.

Nearly 12% of Sanofi’s production in Turkey is exported. A significant portion of these exports go to the Middle East and Western European countries such as Germany, the United Kingdom, Spain, Italy and Portugal.

Sanofi Turkey was the first multinational to obtain government certification of its R&D center. In 2013, the Group continued its R&D activities to pursue new product development through the work of 74 specialized employees at its pharmaceutical development center. Zentiva Healthcare Products’ annual R&D budget totals 15 million Turkish lira (€5.4 million).

As a healthcare company that seeks to develop innovative therapeutic solutions, each year Sanofi Turkey invests about 10 million Turkish lira (€3.6 million) in clinical trials. In addition to the company’s 20 clinical trial specialists, 30 employees across the country help the various clinical investigator sites in the conduct of trials.

Sanofi Turkey received several awards in 2012 and 2013 for initiatives such as: AkademiKaN, the company’s physician training program on best practices for clinical trials, established in partnership with Ege University; Diabetes at School, designed to promote diabetes management at school and teach children about healthy lifestyles; and Women Leaders of the Future, which promotes the integration of women in the workplace.

1.C. In Russia

Sanofi has had operations in Russia for over 40 years (since 1970) with the following divisions currently located there: Sanofi Pasteur, Zentiva, Genzyme and Merial. With a 5.6% market share and sales totaling €813 million in 2014, Sanofi is the number two(2) pharmaceutical company in Russia.

Sanofi offers a diversified portfolio of innovative drugs and generics that meet patient needs in therapeutic areas such as cardiovascular disease and thrombosis, diabetes, central nervous system diseases, rare diseases, internal medicine, vaccine production and animal diseases.

With 2,165 employees as of December 31, 2014, Sanofi Russia contributes to the country’s local economic development. In 2013, the affiliate was named one of the top 100 “dream employers” in Russia by the industry portal medpred.ru and won the bronze medal at the 2013 HR-Brand awards.

With diabetes posing a major health challenge, Sanofi’s site in Orel, inaugurated in 2010, has become the Group’s second largest insulin pen production site after Frankfurt. The Orel plant is the first and currently the only site in Russia whose production capacity covers the entire insulin manufacturing cycle (excluding production of the active ingredient).

The affiliate further contributes to R&D development in Russia through its clinical trials department, which is one of the largest. In 2013 alone, 23 international clinical trials were conducted in Russia, enrolling 2,300 patients at 260 research centers. These trials have been audited regularly since 2002 and no major violations have been detected to date.

As a healthcare partner, Sanofi Russia works with national authorities to help implement initiatives to improve access to healthcare. In 2013, 14 such programs were underway, namely for non-communicable diseases (diabetes, cancer and cardiovascular disease) and vaccines.

Of special note is the partnership established by Sanofi Russia with the Ministry of Health’s Endocrinology Research Center for the purpose of conducting the largest epidemiological study ever organized in Russia in order to determine the prevalence of type 2 diabetes. An anticipated 28,000 people between the ages of 20 and 76 from 60 Russian regions are expected to participate in the study.

(1) Source: IMS, MAT Nov. 2014.
(2) Source: IMS, MAT Nov. 2014.
1.D. In France
Sanofi in France:

- Approximately 27,000 employees;
- 49 sites in France, in 15 regions and 25 administrative districts (départements):
  - 9 R&D sites;
  - 26 production sites;
  - 4 distribution sites; and
  - 10 administrative sites;
- Sanofi’s corporate headquarters and the global headquarters of R&D, Industrial Affairs, Sanofi Pasteur (Vaccines) and Merial (Animal Health);
- Sales of approximately €2.5 billion in 2014, i.e., 7% of the Group’s global sales;
- €2.4 billion in industrial and R&D investments over five years, i.e., 38.5% of total investments worldwide; and
- 45% of Sanofi R&D expenses worldwide.

In addition, for over 30 years Sanofi has operated dedicated entrepreneurial units (Sanofi Développement and an entrepreneurial start-up unit) to support the transformation process at the Group’s 49 sites in France and drive local economic development by promoting sustainable job creation and encouraging individual entrepreneurial initiatives.

Sanofi Développement is in charge of:

- Implementation of local economic development initiatives around Sanofi sites in France;
- Support for the development and creation of sustainable jobs – in particular by very small businesses and small- and medium-sized enterprises and industries in the industrial sector – and services for businesses; and
- Management of revitalization agreements.

In 2014, Sanofi Développement’s initiatives focused primarily on seven geographical areas of France impacted by job cuts for medical sales representatives and corporate functions at Sanofi’s French affiliate and Sanofi Chimie. Sanofi Développement was active primarily in the following areas: Gard, Alpes-de-Haute-Provence, Puy-de-Dôme, Indre-et-Loire, Côte d’Or, Seine-Saint-Denis and Rhône. It implemented initiatives to provide aid for local economic development within the scope of a three-year revitalization agreement between Sanofi-Aventis France and the French government, signed in December 2012.

Sanofi Développement set up loans for developing businesses that create new jobs, organized mentoring and skill-sharing programs, and provided subsidies to local economic stakeholders to help structure local economic development.

Sanofi thus mobilized over €3 million in the above areas of France, and Sanofi Développement financed several dozen very small businesses and small- and medium-sized enterprises and industries under development to help them create jobs offering permanent contracts.

In 2014, about 30 companies received aid in the form of loans or subsidies that helped create at least 132 jobs under permanent contracts. A dozen projects aimed at structuring economic development were financed by subsidies, creating at least 118 jobs under permanent contracts.

In addition, Sanofi subsidized several economic development programs run by local economic stakeholders to bolster the creation of additional indirect jobs. A majority of these projects are related to the social and solidarity economy, the creation of business support networks, and projects in the health sector.

The entrepreneurial start-up unit assists Sanofi employees who wish to start their own business or acquire an existing company (e.g., very small businesses and small- and medium-sized enterprises and industries).

In 2014, this support was provided to employees with projects to create a new business or acquire an existing one. A total of 92 employees received support and 56 employees had their business start-up/acquisition projects approved, primarily in the service sector, business, health and well-being and the restaurant, hotel and tourism industries.

Moreover, within the scope of a sustained policy to support training and employment for young people through work-study contracts (apprentices and professionals), in 2014 Sanofi set the goal of ensuring that employees under work-study contracts at our French sites (professional training, apprenticeship and International Corporate Volunteer Program, or VIE, contracts) represent 5% of our workforce.

In 2014, Sanofi also funded secondments for nearly 120 employees sent on long-term assignments (nine months on average) to share their expertise with small- and medium-sized enterprises and industries, associations, NGOs, local government, competitiveness clusters, etc. Available during the voluntary departure plan instituted for several Group entities (Industrial Affairs, R&D, Corporate functions, Sanofi Pasteur and Merial), this measure concerns employees who are near the end of their careers and are interested in sharing their skills and expertise with host organizations. Known as Skills Transfer and Experience Sharing, the measure involves occasional skill-sharing assignments that must not prevent new jobs from being created.
4.3.2. Relations with stakeholders

2.A. Conditions for stakeholder dialogue

Each day across the globe, Sanofi interacts with a broad range of stakeholders. These interactions have varying objectives and are firmly grounded in the Group’s Corporate Social Responsibility approach. They enable us to:

- Provide stakeholders with reliable, factual information using various communication tools (brochures, dedicated websites, communication campaigns, annual assessments, responses to questionnaires, replies to various requests, etc.). This includes information about the proper use of products marketed by the Group, products under development, financial and extra-financial information, etc.;

- Oversee formalized dialogue and consultation processes designed to involve stakeholders in Sanofi’s strategic decisions and determine whether the Group is adequately meeting their expectations: CSR committees, stakeholder surveys, customer satisfaction surveys, employee engagement surveys, forums, panels of residents of communities surrounding our sites, suppliers, etc.; and

- Establish partnership projects, particularly in the healthcare field: support for patient associations, humanitarian aid programs, partnerships with the academic world, clinical trial programs, etc.

More specifically with respect to our CSR strategy, within the corporate functions and a number of affiliates, we have established initiatives to create opportunities for formalized dialogue and consultation designed to obtain stakeholder feedback on the Group’s CSR strategy and objectives, to make necessary adjustments, and to shape a concerted vision of the CSR challenges facing Sanofi.

For instance, in 2014 the Sanofi CSR Direction finalized a new international stakeholder consultation (involving healthcare professionals, patient associations, academics, non-financial rating agencies, investors and employees) in order to perform a materiality test to identify and assess our CSR challenges and define the Group’s CSR priorities. In all, approximately 100 stakeholders, including some 30 senior executives at Sanofi, took part in this worldwide consultation, which helped establish a new CSR strategy for the years to come.

At the global level, the materiality test identifies the Group’s strategic directions, but the affiliates will naturally focus on additional priorities. To this end, we created a toolkit to support our affiliates as they identify local Sanofi CSR priorities, perform their own materiality tests and draw up their own action plans. Each affiliate, regardless of its size, will be able to focus on its own priorities.

In France, since 2012 we have engaged in formal stakeholder dialogue in the form of a Stakeholder Panel. The panel aims to involve stakeholders in a co-construction process geared toward producing tangible outcomes. The two meetings held in 2014 addressed the following topics: access to healthcare, pediatric medicines, ethics in R&D, social strategy and local economic development, relations with politicians and healthcare professionals, pharmaceuticals in the environment, continuity of supplies and drug pricing policies, co-development, the age structure of the workforce and relations with local communities in France. On the initiative of our stakeholders, work has begun on topics such as CSR criteria for performance evaluations and CSR e-learning courses. Two special workshops also focused on specific topics such as access to healthcare and compensation policies.

The French Stakeholder Panel is run by an outside facilitator (Comité 21) and is made up of around 20 external stakeholders (humanitarian and environmental NGOs, patient groups, politicians and legislators, healthcare professionals, academics, economic and financial leaders, socially responsible investment (SRI) funds, trade unions, philosophers, sociologists, etc.), and around 10 internal stakeholders representing the company’s different activities and functions (R&D, Industrial Affairs, Finance, Public Affairs, Medical Affairs, Human Resources, CSR, etc.). Discussions are governed by the Chatham House Rule in order to ensure both the transparency and confidentiality of exchanges between participants. A summary of each meeting is published (in French) on the Sanofi France website (www.sanofi.fr).

2.B. Health-related partnerships and philanthropy initiatives

2.B.a. Partnerships

The challenges encompassed by Corporate Social Responsibility, particularly when it comes to ensuring access to healthcare for all patients across the globe, are complex issues that the pharmaceutical industry cannot tackle alone. For this reason, we cooperate with numerous stakeholders – private, public and/or non-profit – to pool our expertise and know-how with that of our partners and provide the best possible response to certain major health-related challenges facing society.

Although we outline examples of key initiatives below, they are not an exhaustive portrayal of the multitude of projects undertaken by Sanofi (see Section “3.1.3. Événements marquants de l’année 2014” for additional information about the Group’s partnerships, and the annual CSR Report and related material available at www.sanofi.com).

Partnership to combat neglected tropical diseases (NTDs)

Initiated in 2001 with a program to combat Human African Trypanosomiasis (or sleeping sickness), Sanofi’s partnership with the World Health Organization (WHO) was renewed in 2006 and expanded to include other
neglected tropical diseases (NTDs): leishmaniasis, Buruli ulcer, and Chagas disease. In March 2011, Christopher Viehbacher, former CEO of Sanofi, and Margaret Chan, Director-General of the WHO, renewed their commitment to combat NTDs for five more years. For Sanofi, this commitment covering the period 2001-2016 represents financial support of approximately U.S.$75 million, or U.S.$5 million annually. Since the beginning of this collaboration with the WHO, over 30 million people have been screened for sleeping sickness and 180,000 patients have been treated for the disease, which is nearly always fatal if left untreated. Thanks to our partnership, reported new cases fell from 30,000 in 2001 to less than 7,200 in 2010(1), 6,750 in 2011, 7,210 in 2012, and 6,230 in 2013 (data on new cases reported in 2014 are not yet available), marking progress toward the WHO goal of eradicating sleeping sickness by 2020.

On January 30, 2012, Sanofi signed the London Declaration on NTDs alongside other pharmaceutical groups, representatives of the U.S. and U.K. governments, the Bill & Melinda Gates Foundation, the World Bank and official representatives from countries where NTDs are endemic. Within the scope of this effort and in addition to the Group’s ongoing partnership with the WHO on NTDs, Sanofi initiated a new partnership with the company Eisai to support the WHO’s Global Program to Eliminate Lymphatic Filariasis by 2020. Through this partnership, 60 million tablets of diethylcarbamazine citrate (DEC) produced by Sanofi were supplied in 2012 and 2013 – enabling the WHO to provide treatment for 30 million people. Following the WHO’s approval of the Eisai Group as a DEC producer in 2013, the Eisai Group has taken over manufacturing of that product.

**WIPO Re:Search, a public-private consortium to stimulate research**

To promote innovation and research on NTDs, the World Intellectual Property Organization (WIPO) has brought together a number of partners in the public and private sectors, including Sanofi. WIPO Re:Search is a consortium of public and private sector organizations that have joined forces to expand access to intellectual property assets by researchers worldwide in order to promote R&D on NTDs, malaria and tuberculosis (http://www.wipo.int/research/en/). Sanofi is one of the founding members of the consortium, which celebrated its third year of existence on October 30, 2014 and now includes nearly 100 members across the globe. Eighty collaboration agreements have been established and certain projects have already reached new phases of development.

**Partnerships to monitor antimalarial drug safety and emerging resistance**

Sanofi and the Drugs for Neglected Diseases Initiative (DNDi) have embarked on an ambitious clinical trials program to document the efficacy and safety of an antimalarial drug they partnered to develop. The program comprises over 20 trials conducted in 23 countries and is expected to ultimately cover over 30,000 cases of malaria treated with this drug. Sanofi and DNDi have sought to enhance their work through partnerships with academic institutions. In January 2012, the WorldWide Antimalarial Resistance Network (WWARN) and Sanofi announced an agreement to monitor emerging antimalarial drug resistance. The agreement provides for all efficacy data from clinical trials conducted with the malaria drug developed by Sanofi and DNDi to be shared with the WWARN. The data collected are fed into the global database created by WWARN to monitor the emergence of resistance and were the focus of several publications and scientific meetings in 2014. In 2013, Sanofi entered into a similar partnership with the ACT Consortium and the Liverpool School of Tropical Medicine to share data on the drug’s safety with academic teams.

**Authorization of new treatment for latent TB infection thanks to a partnership with the Centers for Disease Control and Prevention (CDC)**

On November 25, 2014, the United States Food and Drug Administration (FDA) approved a new indication for Priftin® (rifapentine). This drug is now indicated for use in combination with isoniazid (INH) for the treatment of latent tuberculosis infection (LTBI) in patients over two years of age who have been exposed to a high risk of active tuberculosis. Approved in the United States since 1998, Priftin® is an antmycobacterial used in conjunction with one or more anti-tuberculosis drugs for the treatment of active pulmonary tuberculosis caused by mycobacterium tuberculosis. The findings of a pivotal clinical trial on LTBI published in the *New England Journal of Medicine* have shown that more patients completed treatment involving rifapentine and INH, administered under direct observation once a week for 12 weeks, than those who were required to self-administer isoniazid every day for nine months. These findings were made possible by the public-private partnership between Sanofi and the CDC, and they exemplify the Group’s longstanding commitment (over half a century) to finding tuberculosis treatments.

**Sanofi Pasteur and the Bill & Melinda Gates Foundation join forces to discover new vaccines**

In October 2013, Sanofi Pasteur announced a partnership with the Bill & Melinda Gates Foundation to explore and develop new platforms and methods intended to accelerate vaccine R&D, particularly in areas of global health. The Vaccine Discovery Partnership (VxDP) is a newly created, formal mechanism that enables the Bill & Melinda Gates Foundation to directly collaborate with Sanofi Pasteur and other vaccine-pharmaceutical companies across disease areas of interest. It provides for an integrated, straight-forward and sustained relationship established

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(1) Programs that the WHO was able to undertake or extend thanks to Sanofi’s support are described in the activity report for 2006-2011: WHO-Sanofi Collaborative Report: A Partnership to Save Lives http://www.sanofi.com/Images/31441_WHO-Sanofi_report_2006-2011.pdf.
on the basis of a memorandum of understanding, and is expected to accelerate the development of candidate vaccines for use in developing countries. In 2014, teams of scientists from the Bill & Melinda Gates Foundation and Sanofi Pasteur’s R&D teams identified several areas of cooperation, particularly in connection with innovative public health projects (adjuvants, experimental medicine concept, etc.). Sanofi Pasteur is currently in discussions with the Gates Foundation’s Discovery and Translational Sciences program about developing human vaccines using models and translational science. (1) The Group is also in discussions about key strategic areas such as maternal immunization, new forms of vaccine distribution (thermostability and vaccine co-administration) and efforts to create synergies for developing countries concerning the portfolio of innovative vaccines of its affiliate in Shantha, India, while allowing industry partners to develop and test new technologies that will also advance their other R&D programs.

Sanofi works with global partners to supply unprecedented quantities of inactivated polio vaccine (IPV) at affordable prices

In 2014, UNICEF, which supplies vaccines in response to global public health needs, announced its decision to purchase large quantities of inactivated polio vaccine (IPV) from Sanofi Pasteur to be supplied to certain countries depending on their level of need and vaccination plans. Sanofi Pasteur and the Bill & Melinda Gates Foundation developed a price mechanism based on financial contributions from both partners in the aim of encouraging the rapid, widespread adoption of IPV. Under the mechanism, Sanofi Pasteur is able to provide IPV at a price of €0.75 per dose to 73 of the world’s poorest countries. The Gavi Alliance (Global Alliance for Vaccines and Immunization) will provide the countries with IPV for inclusion in routine immunization schedules. On September 18, 2014, children in Nepal were the first among of the world’s poorest countries to receive IPV, in the presence of Olivier Charmeil, President and CEO of Sanofi Pasteur. In the aim of eradicating polio by 2018, the World Health Organization (WHO) recommends administering at least one dose of IPV, as part of routine immunization, to all children in over 120 countries that have previously used only the oral polio vaccine (OPV). The OPV has long played an essential role in the effort to eradicate polio worldwide. Today, studies show that supplementing the OPV with a dose of IPV is the most effective way to stop the virus.

Partnerships with patient associations

Sanofi is committed to working with patient associations all over the world, taking their priorities into account with a view to discovering improved healthcare solutions that better reflect the needs of patients, friends and families throughout the patient’s journey. In 2013, the Group created a new function, Global Patient Advocacy, which is responsible for the global patient advocacy strategy and for enhancing the ways in which Sanofi interacts with patient associations and representatives.

The Group encourages open dialogue to listen, to learn and to better understand patients’ expectations. A spirit of partnership, mutual respect and trust guides the collaboration between Sanofi and patient associations, without ever calling into question the associations’ independence. The global policy adopted by Sanofi is designed to ensure that the Group’s relationships with patient associations are ethical, responsible and transparent.

Committed to the principle of transparency, and recognizing our role in building trust in our relationships with stakeholders, including the public and most importantly the patient, we have disclosed the financial amounts given to patient associations based in Europe from 2010 onwards, and those based in Australia, Brazil, Canada, the United States and Japan since 2011 (for the complete list, see our website http://www.sanofi.com).

Moreover, Sanofi created the position of Chief Patient Officer in 2014. The Chief Patient Officer is responsible for ensuring that the Group takes patients’ viewpoints into account so that its healthcare solutions will better reflect the unique needs and priorities of patients and healthcare professionals, from the first stages of R&D right up to when new healthcare solutions are brought to market.

2.B.b. The Sanofi Espoir Foundation

We created the Sanofi Espoir Foundation in October 2010 to bolster our commitment to international solidarity, and to clarify its importance for all our stakeholders. With a budget of €33.7 million over five years, the Foundation’s initiatives are designed to help reduce healthcare inequalities and poverty among the world’s poorest communities, in particular by combating childhood cancer in developing countries, as well as maternal and child mortality, and by improving access to healthcare among the most disadvantaged populations through pilot healthcare coverage programs.

In 2014, the Foundation gave its support for the launch and/or development of 42 multi-year programs with 35 key partners in 30 countries. To ensure continuous access to care for injured or displaced persons, the Foundation organized initiatives in response to humanitarian emergencies in four countries and donations of medicines and vaccines in 11 countries.

The Foundation also encourages employees to become involved, as their contributions are essential. For the last three years, the Sanofi Season of Solidarity has taken place between October and December. During this annual international event, employee volunteers participate in

(1) Medicine that bridges the gap between fundamental research and clinical research in the aim of making therapeutic innovations available more quickly.
4.3. INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

4.3.2. Relations with stakeholders

CORPORATE SOCIAL RESPONSIBILITY

To a number of activities benefitting partner organizations (solidarity breakfasts, craft sales benefitting charitable organizations, toy and in-kind donation drives, recreational activities for children with health difficulties, etc.). In 2014, more than 20 countries participated in the event.

To strengthen the link between partner organizations and current or future volunteers within the Group, the Sanofi Espoir Foundation launched the international Be A Volunteer platform for sharing and solidarity. The platform serves to inform people about volunteering opportunities, publish offers for volunteer assignments proposed by partner organizations, and share feedback from both volunteers and organizations.

Fighting childhood cancer in low- and middle-income countries

The My Child Matters program is a unique initiative developed by the Foundation in 2006 to provide earlier diagnoses and better care to young cancer patients in developing countries. Run in partnership with the Union for International Cancer Control, St. Jude Children’s Research Hospital, the International Society of Paediatric Oncology (SIOP), the Franco-African Pediatric Oncology Group (GFAOP) and other international organizations involved in the fight against childhood cancer, the program focuses on building the capacities of local teams to help low- and middle-income countries in Africa, Asia and Latin America reduce disparities in access to healthcare. Since 2006, the My Child Matters program has supported 45 projects in 33 countries thanks to contributions from the Sanofi Espoir Foundation totaling €7.2 million to date. In 2014, 14 projects were ongoing in 22 countries in Asia, Africa and Latin America.

Reducing maternal and infant mortality

Avoiding complications and deaths that are largely preventable with more and better trained healthcare staff is one of the Foundation’s priorities. It supports 14 programs to reduce maternal and infant mortality in developing countries, particularly among the poorest communities. For example, since 2011 the Foundation has supported A Call for Life, a project run by the NGO Care, allocating a budget of €893,000 over three years to combat maternal and infant mortality in 35 villages in northern Benin. This pilot program concentrates on four types of action: teaching prevention, improving coverage and the quality of care, better managing emergencies by establishing a community fund, and creating links between individuals in communities and healthcare centers. In 2014, the Sanofi Espoir Foundation introduced the Midwives for Life Awards to recognize initiatives developed by midwives to reduce maternal and infant mortality and improve the health of women and infants in developing countries. For the Awards’ first year, a panel of experts selected two new projects, one in Benin and the other in the Democratic Republic of the Congo.

Access to healthcare for the most disadvantaged

To improve medical care for vulnerable populations in France, the Foundation has joined forces with four field-based partners (the French Red Cross, Médecins du Monde, Samusocial Paris and SOLIPAM), choosing programs with complementary goals and locations. Outside of France, the Foundation helps vulnerable populations gain better access to healthcare by supporting participatory mutual insurance programs that provide health coverage to very low-income rural populations in conjunction with the International Center for Development and Research (CIDR) in Guinea and Chad, with GRET in Cambodia and with Inter Aide in Madagascar.

Responding to humanitarian emergencies

When a humanitarian disaster occurs, healthcare is one of the most vital needs. In 2014, the Group’s initiatives with partner organizations and hospitals benefitted people living in four countries: the Central African Republic, Cameroon, Sudan and Guinea.

In the Central African Republic and Cameroon, countries affected by armed conflict, the Sanofi Espoir Foundation provided support for French Red Cross activities. Through the Ready Fund, a medical program provides primary healthcare to 9,000 people in the Notre Dame d’Afrique, Notre Dame de Fatima and Guitangola neighborhoods of Bangui.

In response to the crisis in southern Sudan, the Foundation supported the African Medical and Research Foundation (AMREF) to help improve access to emergency care and surgical services for the war wounded and displaced persons through initiatives at four hospitals in southern Sudan.

Sanofi and the Foundation have actively supported efforts to address the 2014 Ebola epidemic, which especially affected Guinea, Sierra Leone and Liberia. Through the Ready Fund, the Sanofi Espoir Foundation contributed to French Red Cross initiatives to support the Ebola treatment center in Macenta, Guinea and respond to the local population’s most pressing needs. A fundraising campaign was launched at Sanofi affiliates in West Africa (15 countries), and collective fundraising efforts have been made in other countries as well. Topped up by the Sanofi Espoir Foundation, donations benefit a program developed by Women and Health Alliance International to aid children in Guinea.

In response to numerous humanitarian emergencies and in accordance with the provisions of the Foundation’s charter governing donations of medicines and vaccines, 512,000 boxes of drugs and over 416,000 doses of vaccine were donated by the Group in 2014 to allow access to medical care for 2.8 million people living in 11 countries, including 10 emerging or developing countries.
4.3. Subcontracting and suppliers

As a member of the United Nations Global Compact, Sanofi has pledged to support and apply fundamental principles in the areas of human rights, labor and working conditions, environmental protection and the fight against corruption.

Given that Sanofi purchases goods and services for a value of nearly €13 billion, procurement is a major Corporate Social Responsibility issue. As stipulated by our Suppliers Code of Conduct, responsible purchasing is based on the UN Global Compact, the conventions of the International Labour Organization, and our own Code of Ethics. It is part of managing relations with our current and future suppliers and setting the standards with respect to human rights, labor practices, health and safety, protection of the environment and respect for ethics rules.

As the department in charge of overseeing relations with our suppliers, the Sanofi Procurement function has developed a responsible purchasing policy since 2007 based on international CSR standards, as well as a specific methodology and robust program for the large-scale and targeted evaluation of the CSR performance of our suppliers and subcontractors. Evaluating their CSR performance is part and parcel of our assessment of suppliers’ global performance and represents a mandatory step in the supplier selection process and ongoing management of suppliers and subcontractors.

In late 2011, Sanofi overhauled its policy in an effort to enhance its analytical capacity and further integrate the policy into the Group’s procurement risk management model and processes.

Rolled out in 2012, the policy aims to satisfy the Group’s requirements and implement a process of continuous improvement with our suppliers. The approach in question is based on a comprehensive, multi-criteria CSR risk analysis (procurement strategies, types of goods and services, and countries of operation) and the recognized expertise of an external partner that has developed a collaborative platform for evaluating and analyzing the CSR performance of Sanofi’s supplier base.

For the 2014 supplier evaluation campaign, over 270 employees made use of the platform and over 120 suppliers were evaluated as of the end of 2014 (the campaign is still ongoing). In addition, several initiatives have been launched to promote supplier diversity, exemplifying the Group’s commitment to supporting the development of the local economies where our sites are located.

In France, Sanofi has adopted a proactive approach by ratifying the Charter of Intercompany Relations. The Group has made a commitment to small- and medium-sized enterprises (SMEs), specifically to:

- Respect the commitments set out in the Charter (to guarantee fair financial treatment for suppliers, promote cooperation between large contractors and strategic suppliers by helping SMEs reduce the risks of mutual dependence between contractors and suppliers, incorporate environmental concerns, develop local economic activity, fight corruption, etc.).
- Accept the implementation of a compliance assessment process (performed by an external expert) of our organization and management practices based on the guidelines from the Charter; and
- Adopt necessary corrective measures to reach the objectives listed in the Charter.

The Procurement function oversees and coordinates activity plans to support implementation of the Charter, monitoring of related indicators, and corrective actions as necessary.

In addition, to ensure that this commitment is translated into action and to preserve independence, since 2012 there has been an internal ombudsman within the Corporate Social Responsibility Direction. The primary role of the ombudsman, who may be contacted by a supplier or a purchaser, includes facilitating the resolution of work-related differences between the Group and our suppliers with neutrality, impartiality and confidentiality; helping the parties identify a solution; defending the agreement, rather than the parties; and communicating issues that arise and their outcomes as part of a continuous improvement approach.

On April 8, 2013, Sanofi France was awarded the Responsible Supplier Relations Label, which recognizes French companies that have maintained sustainable, balanced relationships with their suppliers. The first national designation of its kind, the label is attributed for a period of three years, renewable each year. Sanofi France received the label following an audit of its practices and a progress plan presented to the awards committee. On April 15, 2014, the French Ombudsman for Intercompany Relations, the Ombudsman for Public Procurement, and the French Purchasing Managers Association (CDAF), recognized Sanofi France’s commitment by renewing its Responsible Supplier Relations Label for the second year running.

Taking this approach one step further, Sanofi is currently rolling out an SME Program, which encompasses 11 support measures for SMEs. For instance, in July 2013 a "guichet innovation" was opened.

In 2013, the percentage of purchases made by the Group from independent French SMEs accounted for 14.1% of total spends, compared with 13.3% in 2012. In the United States, Sanofi made a commitment to SMEs, in particular economically or socially disadvantaged firms (minority-owned, disabled-owned, veteran-owned and HubZone businesses), highlighting the importance we place on innovation and diversity among our supplier base.
4.3.4. Fair business practices

4.A. Measures to fight corruption

Today all stakeholders are aware not only of the harmful economic consequences of corruption, but of its potential to impede development, particularly in emerging countries.

Fighting corruption requires international rules adhered to by as many countries as possible, combined with effective anti-corruption legislation enforced nationally. The adoption of the Organisation for Economic Co-operation and Development (OECD) and United Nations conventions against corruption and far-reaching national laws such as the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, contributes to achieving this goal.

Multinational companies must take an active part in fighting corruption. Consistent with our approach to ethical conduct, Sanofi adheres to the following regulations and principles:

- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: www.oecd.org/corruption; and
- Measures adopted in accordance with the U.S. Sarbanes-Oxley Act (Section 301).

Moreover, in recent years, anti-corruption authorities in several European countries as well as the United States have increased their scrutiny of companies in certain business sectors. As a consequence, healthcare companies have been the focus of particular attention by the authorities over the past few years due to their interactions with a wide range of stakeholders, such as physicians and government agencies.

In response to these growing demands, in the past several years Sanofi has developed and implemented measures and tools designed to prevent and fight all forms of corruption in all countries where the Group does business.

The corruption prevention program at Sanofi is based on two reference texts:

- The Code of Ethics, on which more than 96,000 employees received training in 2013 and 2014. Training on the Code is mandatory for all newcomers, and refresher courses are organized on the initiative of our affiliates;
- Sanofi’s anti-corruption policy, which sets out the Group’s expectations regarding the prevention of and fight against corruption, can be accessed by all employees via Sanofi’s intranet.

The principles contained in these documents are promoted across the entire Group by the Global Compliance and Business Integrity Organization, present at the corporate, regional, country and functional levels, in particular through training activities. Employees receive anti-corruption training on a regular basis, and an e-learning library with several modules on this subject is available to all employees via the Global Compliance and Business Integrity intranet.

An Executive Compliance Committee, chaired by the CEO, was created to ensure the effectiveness of all aspects of Sanofi’s compliance program, and to facilitate implementation and adherence to the program. The committee plays an executive role in recommending and reviewing the actions implemented to sustain the effectiveness of compliance programs within the Group, and to foster a continued commitment to Group values.

Sanofi affiliates are encouraged to establish local compliance committees to enforce compliance with the Group’s Code of Ethics, policies and procedures, applicable legal and regulatory requirements, and industry standards. Best practices as well as recommendations for the model Local Compliance Committee Charter have been communicated to Group affiliates in all countries.

In 2006, in accordance with our Code of Ethics, we established a whistleblowing system to enable all employees to report any breach of the rules and principles set forth in the Code to our Global Compliance Organization. In 2014, the department followed up on each alert received. Where the evidence collected confirmed the alerts, different types of sanctions were applied, ranging from simple warning letters to contract termination.

One of the key areas to address to prevent corruption is the establishment of a rigorous process for the selection of third parties (service providers, partners, etc.), since they may represent a potential source of risk for the Group through their interactions with public officials and administrations. With this in mind, Sanofi put in place a process for due diligence of third parties prior to engaging them, taking into account many factors, such as the nature of the business, the local environment, the type of relationship, and the nature and scope of activities to be performed by third parties for Sanofi.

4.B. Measures to protect consumer health and safety

For several decades, the pharmaceutical industry has been operating in a highly regulated environment (see Section 2.2.6. "Marchés – 3. Réglementation" of our Document de Référence). Before products can be brought to market, numerous clinical trials and laboratory studies must be conducted to assess and, where applicable, improve their benefit/risk profile. Such trials and studies must be carried out in compliance with the Good Clinical Practices and Good Laboratory Practices promoted by the French National Agency for Drug and Health Product Safety (ANSM).
In addition, at each step of product development, it is necessary to adhere to Good Manufacturing Practices, which aim to guarantee that marketed products meet demanding quality standards.

Compliance with Good Distribution Practices is also essential to ensure quality and guarantee the traceability of products – from the distribution center to the final point of delivery: wholesaler, dispensing pharmacy, hospital pharmacy.

In addition to these good practices, a number of other regulations define legal requirements concerning pharmacovigilance, medical information, and sales and promotional practices.

As a global healthcare leader focused on patients' needs, Sanofi develops, manufactures and markets a wide range of healthcare products worldwide, including a broad-based portfolio of prescription medicines, consumer healthcare (OTC) products, animal health products, vaccines and generics.

Patient safety is an absolute priority for Sanofi. With this in mind, the Group’s approach consists of implementing guidelines for quality and continuous improvement to cover each phase of the product life cycle, as well as services associated with our products. To reach this goal, we have set up management systems designed to:

- Ensure the safety of patients taking part in clinical trials;
- Guarantee the quality of our products in development and on the market as well as regulated activities by means of a dedicated quality organization;
- Continuously monitor and assess our products’ benefit/risk profile by implementing a drug safety monitoring system;
- Actively combat counterfeiting of our products; and
- Ensure continuity of supplies of our products.

4.3.4. Fair business practices

Clinical trials are required as a mandatory part of the approval process for any new drugs and are also carried out during the commercialization phase to ensure product safety monitoring and the development of new indications.

The purpose of clinical trials is to collect data about the efficacy and safety of products in healthy subjects and patients.

Sanofi organizes clinical trials all over the world, including in developing and emerging countries. We take into account the specific needs of the various populations that participate in these trials.

Sanofi applies all international standards for the implementation and monitoring of clinical trials worldwide: the Declaration of Helsinki, the recommendations of the International Conference on Harmonization (ICH) and, in particular, Good Clinical Practices (GCP). In addition to these international standards, Sanofi complies with all applicable national and international rules and laws, in particular European Directives 2001/20/EC and 2005/28/EC, CFR21 regulations issued by the U.S. Food and Drug Administration (FDA) and regulations issued by the Japanese Ministry of Health, Labor and Welfare (MHLW).

Before a clinical trial can start, it is subject to review by the health authorities and by independent ethics committees representing healthcare professionals and patients in the country where the trial takes place, in compliance with applicable local and international laws and regulations.

Each ethics committee is an independent body entrusted with protecting the rights, safety and well-being of human subjects participating in a clinical trial. The committee expresses an opinion on the trial protocol, the suitability of the investigators involved in the trial, the adequacy of facilities, and on the methods and documents used to inform patients enrolled in trials to obtain their free and informed consent.

Sanofi ensures that all subjects (or their legal representatives) enrolled in clinical trials conducted by the Group give their free and informed consent to participate in the trial. Consent must be given prior to any procedure or intervention required by the study protocol involving the subject and before any data are collected. All documents related to clinical trials, in particular the informed consent document to take part in the study, must comply with applicable legislation and must provide subjects with exhaustive, easily understandable information. Participants must be clearly informed of their right to access and amend their personal data as defined by applicable law. Sanofi has put in place procedures and tools to protect the confidentiality of personal data collected during clinical trials.

Sanofi is committed to transparency about our medical research and to providing healthcare professionals and patients with all useful information about our development projects and products so that they may make informed medical decisions. Sanofi discloses information about the results of clinical studies via a dedicated website for healthcare professionals and for participants in clinical trials.

Sanofi implements a strategy of audits of our clinical trials, associated systems and subcontractors potentially involved in the conduct of these trials in order to ensure compliance of operations with the Group’s quality standards and applicable legislation, and to implement a continuous improvement process. We determine our audit program based on an evaluation of potential risks identified for clinical research activities. It is designed to ensure adequate coverage of projects and trials conducted in various countries and regions all over the world. In
addition, throughout the world, Sanofi is subject to health authority inspections aimed at verifying compliance with laws and ethical standards relating to clinical trials. None of the 82 inspections conducted in 2014 resulted in regulatory action.

**4.B.b. A dedicated Quality organization**

Sanofi’s senior management is firmly committed to providing safe and effective products that are developed, manufactured, distributed and marketed in full compliance with regulatory requirements and the Group’s corporate values.

To this end, the Chief Quality Officer (CQO), who has direct access to the CEO, is in charge of the Global Quality Organization, which encompasses the various existing quality teams within the Group (including Merial, Genzyme and Sanofi Pasteur), in R&D, Industrial Affairs and our commercial affiliates. This organization ensures the consistent implementation of our quality policy throughout the entire product life cycle and oversees the application of a consistently high standard of quality worldwide, allowing us to protect patients’ safety and meet stakeholders’ expectations.

To reach this objective, a company-wide Quality Policy, signed by both the CEO and the Chief Quality Officer, is distributed to all employees worldwide (in 26 languages). Quality managers are appointed in each operating entity and each site or affiliate involved in activities that may potentially impact product quality, patient safety or data integrity. They conduct and coordinate quality and compliance activities, in particular routine audits and preparations for health-authority inspections within the Group’s operational units as well as with subcontractors and suppliers. These audits contribute to compliance with regulatory requirements and continuous improvement of our performance.

Each Sanofi division monitors the effectiveness of our quality systems by setting objectives, monitoring performance indicators and organizing periodic reviews involving senior management and internal partners.

**4.B.c. Quality of marketed products and products in development**

The commercialization of medicines must meet a number of constantly evolving regulatory requirements in order to guarantee optimal product quality. The quality system put in place by Sanofi guarantees the quality and safety of products marketed by the Group. This quality system makes it possible to ensure strict application worldwide of the Good Manufacturing Practices set forth by legislation and with Sanofi quality assurance directives, and to ensure that subcontractors meet equivalent levels of quality. Implementation of the quality system involves the following steps:

- For each product batch, quality controls are performed and documented at every step of production, prior to its release;
- Each year, product quality reviews are conducted for each product on the market in order to assess manufacturing process validity and compliance and ensure continuous improvement;
- A system for monitoring product quality defects reported by patients and healthcare professionals allows for a quick analysis of complaints and the implementation of corrective and preventive actions; and
- An audit strategy has been developed and put in place for operations involved in the production of Group products, related systems and any subcontractors that may be involved in these types of operations.

**4.B.d. Pharmacovigilance (drug safety monitoring)**

The Sanofi Global Pharmacovigilance and Epidemiology (GPE) Department falls under the responsibility of the Chief Medical Officer (CMO), who reports to the President of R&D, who in turn reports to the CEO. The GPE is our center for medical and clinical expertise devoted to safety evaluation and monitoring, as well as the management of risks associated with the use of all Sanofi medicines during their entire life cycle (development, marketing and commercialization). The portfolio overseen by the GPE includes all products from Sanofi’s different entities, with the exception of Merial animal health products.

The GPE’s activities comply with all applicable regulations and recommendations in force nationally and internationally. Compliance with these rules guarantees that the profession’s highest standards of practice are maintained, thereby improving patient safety. The standards of Good Pharmacovigilance Practices are routinely applied in all settings, whether or not countries have compulsory safety/product development regulations. These standards also apply to clinical trials and programs that are not directly sponsored by Sanofi and to collaborative projects with NGOs.

The GPE is also in charge of continuous and routine evaluation of the benefit/risk profile of Sanofi products. A specific internal committee, the Benefit/Risk Assessment Committee (BRAC), reviews and assesses a product’s benefit/risk profile during all phases – from preclinical to commercialization – and throughout the product’s entire life cycle on the market.

Sanofi performs systematic and continuous analyses referred to as “signal detection” to identify pharmacovigilance signals and to allow the proactive assessment of potential
risks related to product safety. Signal detection makes it possible to establish corrective action plans to minimize risks. Such plans are subject to validation by the healthcare authorities prior to implementation. The system furthermore includes a product alert process that can be set up to manage risks that may require initiating the crisis management procedure under the leadership of the CEO.

All pharmacovigilance data concerning Sanofi products are stored in a company-wide database under the responsibility of the GPE Department.

Sanofi has developed an audit strategy for pharmacovigilance operations and processes by the Group and by subcontractors and potential partners. Audits are designed to monitor operations’ compliance with Group quality standards and applicable regulations, and to implement a continuous improvement process. Audit programs are determined based on an evaluation of potential risks associated with pharmacovigilance operations and are carried out by a specialized in-house quality team working independently of operational teams.

For our Animal Health business, Merial has a Global Pharmacovigilance Department attached to its R&D Regulatory Affairs Department. The Global Pharmacovigilance Department has policies, procedures and practices in place to monitor, evaluate and communicate on any risks relating to Animal Health. We maintain quality and consistency across all our pharmacovigilance operations so that, in particular, Merial affiliates and third parties working in collaboration with Merial are able to identify and report any adverse events to the Global Pharmacovigilance Department.

4.B.e. Continuity of supplies

Compliance with Good Distribution Practices is essential to ensure quality and guarantee the traceability of products from the distribution center to the final point of delivery: wholesaler, dispensing pharmacy, hospital pharmacy.

The role of Sanofi’s Supply Chain division, which reports to Industrial Affairs, is to guarantee the continuous supply of drugs to patients, without any interruptions. Our goal is to meet a “zero out of stock” objective, meaning that no link in the chain must be missing or defective.

The processes involved in preserving continuity of supplies include the following activities:

- Defining product inventory levels, taking into account the criticality, manufacturing times and volatility of products from the viewpoint of commercial forecasts;
- Activating back-up solutions as needed for certain products; and
- Coordinating and supervising crisis situations when necessary.

Sanofi has also developed an audit strategy for operations involved in the distribution of the Group’s products, related systems and subcontractors that may be involved in these operations, in order to monitor compliance of operations with our quality standards and applicable regulations, and to implement a continuous improvement process.

4.B.f. The fight against counterfeit drugs

For several years, Sanofi has taken a proactive approach to the fight against counterfeit drugs, a major public health challenge. At present, all therapeutic product lines are exposed to counterfeiting and all countries may be affected by this increasingly common phenomenon.

The Group is committed to a wide range of initiatives designed to help combat counterfeit drugs worldwide and curtail this phenomenon:

- Sanofi’s Central Coordination team upholds this goal by working on a day-to-day basis to investigate every product suspected of being counterfeit. It also supports the efforts of national and international health and law enforcement authorities to help ensure that patients all over the world have access to quality medicines;
- The Central Anti-Counterfeit Laboratory (LCAC) is equipped with a dedicated team of specialists and state-of-the-art technologies to identify and analyze counterfeit products. Since 2008, some 30,000 products have been registered with the LCAC for the purpose of detecting counterfeit products; and
- The Group also uses verification systems and processes designed to improve efforts to combat falsification and rapidly establish product authenticity, such as anti-counterfeit security labels, tamper-evident packaging, and the Data Matrix identification system (using a two-dimensional barcode) for product identification (serialization/aggregation).

4.C. Relations with healthcare professionals

Our relationships with healthcare professionals are of prime importance in order to pursue innovation in the complex world of healthcare and ensure that our projects meet patients’ healthcare needs. We work with healthcare professionals every day to advance biomedical research and support the proper use of our healthcare products and services. We collaborate with healthcare professionals in order to:

- Better understand the diseases we are researching and further our knowledge of disease physiopathology and the mechanism of action of new compounds;
- Design and conduct clinical trials on both compounds under development and marketed products to evaluate their safety and efficacy, and promote their proper use;
- Adapt our projects for patients on the basis of their expertise; and
- Participate in scientific meetings on various diseases and disease environments and the healthcare products we offer.
4.3. INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

4.3.4. Fair business practices

4.C.a. Transparency in our relations with healthcare professionals

As a patient-centered healthcare company, we conduct our business in line with the highest standards of ethics and integrity. This is of vital importance to ensure transparency in our relations. Over the last decade, several countries have introduced regulations concerning transparency in relations in the healthcare industry, including France, the United Kingdom and the United States. We are committed to complying with all national and international regulations governing relations with healthcare professionals, and to taking voluntary initiatives to uphold this commitment. To this end, we provide all our employees with relevant information and training at all levels within the Group. Employee engagement is essential and goes hand in hand with our responsibility as a global leader in the healthcare industry.

We apply strict rules to ensure scientific quality while providing fair compensation for expertise. Healthcare experts are chosen on the basis of objective criteria relating to the purpose of the scientific mission entrusted to them. This enables us to verify the professional’s expertise, e.g., medical specialization, publications, research and teaching. Sanofi provides experts with optimal information to ensure the objectivity of the expert and the scientific quality of the mission. As the work they perform requires time and expertise, experts should be compensated. Compensation must be reasonable and represent fair payment for work performed in compliance with internal rules.

Benefits such as hospitality (meals and lodging) are always incidental to the scientific purpose of the mission, and are granted in strict compliance with Sanofi’s own internal rules as well as external regulations.

4.C.b. Promotional information concerning our products

As a global pharmaceutical company, Sanofi adheres to the codes governing our industry in Europe (European Federation of Pharmaceutical Industries and Associations, or EFPIA), the United States (Pharmaceutical Research and Manufacturers of America, or PhRMA) and worldwide (International Federation of Pharmaceutical Manufacturers & Associations, or IFPMA). Sanofi’s internal codes designed to oversee promotional activities are based on these guidelines and refer to them explicitly.

Our Medical Affairs and Compliance Departments have established procedures and directives that comply with international standards:

- For information provided via promotional materials: Best practice guidelines govern communications on medicinal and healthcare products via promotional documents and materials, items that can be considered gifts, the provision of medical objects, etc.;
- For both scientific and promotional information provided via websites: Our Internet Committee has established a validation procedure for all websites developed by the Group; and
- For interactions with healthcare professionals: We have established rules governing hospitality associated with scientific events, as well as rules governing compensation and commitments with respect to the experts we contract for services.

To uphold ethical principles in our marketing practices, Sanofi is also committed to:

- Providing ongoing training for medical sales representatives and evaluating medical sales visit presentations;
- Applying the highest ethical standards to promotional materials;
- Providing accurate, up-to-date and objective scientific information so our medical sales representatives are knowledgeable in their interactions with healthcare professionals and consistent with applicable regulatory requirements;
- Supplying documentation that allow the objective assessment of the quality of our products and the promotion of uses for which they were developed;
- Making certain that our product information is based on scientifically proven results; and
- Conducting internal audits to ensure affiliates’ compliance with the approval procedures for promotional materials and with Sanofi codes and applicable law concerning promotion.

4.C.c. Medical sales calls in France

In 2004, the French Pharmaceutical Companies Association (LEEM) and the Economics Committee for Health Products (CEPS) signed a charter for pharmaceutical sales visits to physicians. With this charter, LEEM members undertake to provide physicians with high-quality verbal and written information, maintain high-quality practices with regard to their partners, and enable physicians to express their opinion on the quality of medical sales calls. In July 2008, these undertakings were expanded to include medical sales calls at hospitals.

In February 2007, Sanofi’s medical sales representatives were among the first to be certified on the basis of the guidelines established by the French National Authority for Health, which mirror this charter. Since then, certification has been renewed each year following an audit.
Sanofi’s policy to ensure the quality of medical sales calls focuses on three aspects:

- The level of knowledge of medical sales representatives;
- The quality and updating of promotional documents; and
- The quality of medical sales call presentations.

Sanofi has also established a toll-free number to allow physicians to give feedback on the quality of medical sales calls.

In October 2014, the French Pharmaceutical Companies Association (LEEM) and the Economics Committee for Health Products (CEPS) signed a new promotional information charter. It replaces the 2004 charter for medical sales calls and reforms the framework governing the provision of promotional information by guaranteeing the quality of the information provided to physicians and promoting the proper use of medicines. This revised charter also factors in the changes introduced by the French Act of December 29, 2011 on strengthening drug and health product safety. In this regard, the French National Authority for Health will update its certification procedure. Until new guidelines are published, the 2009 version will continue to apply.

### 4.3.5. Initiatives to support human rights

Respect for human rights is one of the cornerstones of Corporate Social Responsibility for Sanofi. We are convinced that the principles of human rights apply to people, to nations and, by extension, to businesses. As a member of the UN Global Compact since 2003, we support and apply the core principles relating to human rights. Each year, our CEO and our Senior Vice President of CSR report to the UN Secretary-General on our human rights progress.

In our Code of Ethics, Social Charter and Suppliers Code of Conduct, we have defined a number of principles to ensure these rights are upheld across all our own operational activities and by our suppliers. In the Sanofi Code of Ethics, we affirm our adherence to the principles of the Universal Declaration of Human Rights, the directives of the OECD, the principles of the International Labour Organization (see Section 4.1.6.), and the International Covenant on Economic, Social and Cultural Rights.

In keeping with the Guiding Principles on Business and Human Rights endorsed by the United Nations, the Children’s Rights and Business Principles developed by UNICEF, the Global Compact and the missions of the NGO Save the Children, Sanofi has adopted a proactive in-house approach to ensure that respect for human rights is integrated at all levels of the Group’s operations.

Self-assessments of internal practices were thus performed for a selection of key issues facing the Group (non-discrimination, the abolition of forced labor, the abolition of child labor, freedom of association, etc.). With regard to our suppliers, a rigorous evaluation approach targeting our suppliers worldwide has been in place since 2007 (see Section 4.3.3.). In addition, since 2010, 104 managers and senior executives representing more than 25 functions have participated in a one-day training session on human rights in the workplace, organized with the support of outside experts.

To bring human rights issues to the attention of as many employees as possible, in 2013 Sanofi developed a guide entitled “Human Rights in Our Activities,” which describes the four key steps in the life cycle of a drug. For each step, the guide includes information on respect for fundamental human rights principles, stakeholder expectations and a selection of Sanofi good practices. It was published and made available to all Sanofi employees in late 2013.

To facilitate its implementation, the guide is accompanied by resources for managers (mini intranet site and presentation materials).

The Group also participates in inter-company initiatives and working groups on human rights within the scope of Entreprises pour les Droits de l’Homme (EDH), which Sanofi joined in 2007 as a founding member.

### 4.4. HOW CORPORATE SOCIAL RESPONSIBILITY INFORMATION IS REPORTED: METHODOLOGICAL NOTE

#### Scope of consolidation

Unless otherwise specified:

- HR data are consolidated for all Group companies worldwide that are fully consolidated, regardless of their activity (industrial or research sites, commercial affiliates or administrative headquarters);
- At the end of 2014, health and safety data (occupational accidents and injuries) covered the same scope; and
- Environmental data (including spending and investments) are consolidated for all industrial and research sites. Environmental impact measured as CO₂ emissions from all company vehicles includes all Pharmaceutical Operations affiliates. The environmental impact of administrative headquarters locations is not included within this scope.

#### Changes in scope

Within the Group, changes in scope (new sites, site closings, transfers of activity) between 2013 and 2014 were analyzed according to predefined rules in order to assess Group performance on a scope that is comparable from one period to the next.
4.4. HOW CORPORATE SOCIAL RESPONSIBILITY INFORMATION IS REPORTED: METHODOLOGICAL NOTE

Reporting guidelines

In order to ensure the uniformity and reliability of indicators used for all entities, the Group has implemented standard reporting guidelines covering social factors as well as safety and environmental factors. These documents specify the methodologies to be used for indicator reporting across the entire Group: definitions, methodological principles, calculation formulas and emission factors. In addition, Sanofi has adopted standard data collection tools:

- Social data: As of 2014, Convergence (Sanofi’s global HR data platform) covers almost all of Sanofi’s workforce (97%). The platform was launched in 2011 to facilitate personnel management and process implementation, and to provide managers and employees with access to a wide array of HR information and tools. The Convergence data quality controls that were bolstered in 2013 were continued at the global level and within Group entities in 2014;

- Safety data: The MSRS system was used to collect and consolidate safety data for Sanofi’s entire scope in 2014; and

- Environmental data: The GREEN tool was used to consolidate all 2014 Sanofi data contained in the report. This tool and guidelines are updated and improved on a regular basis. In particular, the Group carried out a hard close in 2014 for energy, greenhouse gas and water indicators, leading to estimations of data for the last quarter of 2014 by applying real data from the last quarter of 2013.

Additional information and methodological limits

The methodological principles for certain HSE and labor indicators may have limits due to:

- The absence of definitions recognized on a national and/or international level, in particular concerning the different types of employment contracts;

- The necessary estimates and the representative nature of the measurements taken, or the limited availability of external data required for calculations; or

- The practical methods used for data collection and entry. As a result, we make every effort to list the definitions and methodology used for the following indicators and, where appropriate, the confidence limits involved.

Safety indicators

**Occupational injury with lost time frequency rate**

The frequency rate of occupational lost time injuries is defined as the number of accidents resulting in lost time of one day or more within a 12-month period, per million hours worked.

For non-mobile personnel, accidents occurring during the home-workplace commute are not included in this indicator. However, they are included for medical sales representatives, in accordance with the reporting rules defined by the Group.

In the event that additional accidents have not yet been recorded at the close of the financial year, or if changes in the qualification of accidents are observed after the financial year has ended, the frequency rate is subsequently corrected.

**Motor vehicle accidents**

Accidents are considered to be motor vehicle accidents if they occur when the driver is at the wheel of the vehicle (driving or parking the vehicle).

This concerns all traffic accidents occurring with vehicles owned or leased by the Group or owned by the employee if the vehicle is driven on a regular basis for professional purposes (medical sales representatives).

**Environmental indicators**

Environmental indicators are collected during an annual campaign. Indicators relating to energy and water consumption, however, are collected during quarterly campaigns.

**CO₂ emissions**

Direct emissions are calculated on the basis of data from the Greenhouse Gas (GHG) Protocol in relation to fuel emission factors. Indirect emissions resulting from other energy sources purchased off-premises and taken into account include the following:

- Emissions in connection with electricity production:
  - For countries other than the United States, emission factors are obtained from the report entitled “CO₂ Emissions from Fuel Combustion 2013 – Highlights,” published by the International Energy Agency (IEA).
  - Emissions in 2014 were estimated on the basis of the most recent emission factors (end of 2011). For the preceding years, emissions for the year “Y” were calculated on the basis of the emission factor for the year “Y-2”; and
  - For the United States, the Group refers to GHG Protocol data, which are based on U.S. EPA 2009 data. In the absence of more recent data, the 2009 emission factor is applied to all years (2010, 2011, 2012 and 2013) to estimate CO₂ emissions in connection with electricity production in the United States.

- Emissions in connection with the production of steam are calculated on the basis of site-specific factors or estimations set forth in the Group’s standards; and

- Emissions from vehicles used by medical sales representatives are estimated on the basis of the vehicle fleet fuel consumption, by applying the emission factors specific to each type of fuel consumed (gasoline, diesel...
or LPG. If fuel consumption data is unavailable, the emissions of the fleets concerned are estimated on the basis of mileage, under the conservative assumption of use of vehicles in the Euro 1 category. If fuel consumption or mileage information is unavailable for a particular fleet, CO₂ emissions are estimated on the basis of the number of vehicles in the fleet and the average distance driven by Sanofi medical sales representatives (average based on fleets that have reported mileage data, under the assumption that medical sales representatives who drive scooters, motorcycles or mopeds drive half the distance covered by those who drive cars).

**Percentage of renewable electricity**

The percentage of renewable electricity compared to total electricity purchased is calculated using real data when such information is specified in electricity supply contracts. In other cases, it is calculated on the basis of U.S. Energy Information Administration data for the United States, and International Energy Agency (IEA) data for other countries.

**Volatile Organic Compound emissions (VOCs)**

VOCs are estimated either on the basis of mass balance or by direct measurement. The classification of volatile organic compounds is based on EU regulations.

**Wastewater discharge**

The data presented correspond to effluents after internal and/or external treatment. In the absence of information on external treatment, a purification rate of 50% is assumed.

**Waste**

The distinction between hazardous and non-hazardous waste corresponds to that used in European regulations for European Union member countries (Decision 2000/532/EC of May 3, 2000) and that used in local regulations for other countries. It is noted that waste from remediation activities is not included in the published operational total.

**Social indicators**

**Worldwide workforce**

Employees under contract include all employees that have an employment contract (permanent or fixed-term) with a Sanofi Group company as of the last calendar day of the year. Employees under contract are measured in terms of headcount, irrespective of hours worked or their date of hiring during the month.

**Worldwide new hires and departures**

These movements apply to persons joining or leaving the scope of the Group but do not include movements within the Group, such as international, inter-company or inter-site transfers.

New hires do not include movements within the Group, such as international, inter-company or inter-site transfers. Departures do not include movements within the Group, such as international, inter-company or inter-site transfers.

For 2014, we applied a specific methodology to exclude all intra-Group movements. Moreover, we took steps to enhance the reliability of movement-related data from the Convergence platform. Data on movements (new hires and departures) cover more than 97% of the scope of reporting. They do not include companies that were consolidated or acquired during the year or movements relating to companies not included in Convergence, for which data on new hires and departures are not collected.

Fixed-term contracts that were converted into permanent contracts were not taken into account for either new hires or departures.

**Lowest average wages**

In 2014, the average wages of employees earning the lowest 15% of wages were compared to the minimum wage provided for by law or collective agreement in four countries that are representative of the diverse locations of Sanofi’s worldwide sites (France, the United States, Brazil and China). In Germany, in the absence of a federal minimum wage, the minimum wage applicable to non-managerial staff was established under a sector-specific collective agreement with the employee representative bodies.

Data on wages were specifically extracted from Sanofi’s payroll systems in the countries in question. Gross annual base pay excludes variable compensation (collective and individual), team bonuses and exceptional bonuses paid in addition to wages. In France, average wages were calculated solely on the basis of wages paid under permanent contracts. Additional methodological information on the components of compensation that were taken into account for calculations and the minimum wages applicable in the different countries are available from Sanofi upon request.

**Absenteeism**

Days of absence correspond to the length of absences, expressed as a number of business days, recorded by each human resources system in five major countries (France, Germany, the United States, Brazil and China) in accordance with local regulations. The length of absence beyond which employees are considered “inactive” instead of “absent” thus varies from one country to the next. In 2014, in addition to France, the Group decided to add four major countries that account for a large portion of the workforce. The scope of this indicator includes actively working permanent employees but excludes temporary staff, interns, apprentices, summer job staff and inactive employees. Absenteeism data do not include absences authorized by the company; paid leave, holidays, unpaid leave, parental leave, sabbatical leave, business creation leave, leave for family-related responsibilities and unworked notice periods.
Social dialogue

Social dialogue data are provided by the human resources departments in each of five major countries (France, Germany, the United States, Brazil and China). Collective bargaining agreements are defined as those that have been signed by the company itself or the employers’ organizations to which it belongs. Where a specific agreement has been signed by several sites or entities, it is taken into account only once.

Hours of training

Reporting on hours of training was introduced in 2014 in four of the five major countries where the Group operates, representing 59% of employees worldwide. Because this is the first time such data has been reported, the relevant indicator may be underestimated.

Data on hours of training collected for reporting purposes correspond to:

- Mandatory training, particularly regulated training; and
- Training organized by Sanofi (in-person or e-learning training) and provided by in-house or external trainers.

In Brazil, Germany, China and the United States, quantitative training data (total number of hours provided) are consolidated on the basis of reports from each Sanofi entity in each of these countries.

In France, quantitative training data (number of hours of training and number of employees who received training in 2014) are consolidated on the basis of reports from each Group company (including Merial and Genzyme). Training programs taken into account for reporting in France include, for all Group companies, management, professional development and career management training, and, for certain companies, scientific and technical training and workstation certification programs. E-learning programs are not taken into account for reporting purposes. In the future, reporting on training will be enhanced through the use of a tracking and reporting tool shared across all Group companies in France.

Percentage of women in Global Key Positions

Global Key Positions are defined as senior executive and management positions considered to be essential for business continuity and workforce planning at the global level. These positions are identified by the heads of global operations and the human resources departments of the relevant divisions, and the corresponding data are entered in the Convergence platform. Managers are defined as individuals with one or more direct subordinates.

Consolidation and internal controls

The Corporate HR and HSE Departments are responsible for ensuring that all data are consolidated on the basis of information provided by the industrial and research sites and Group affiliates or administrative headquarters throughout the world.

When sites include more than one function, environmental impact is either attributed to the one with the greatest impact or shared among the functions. HSE coordinators for each activity perform an initial validation of safety and environmental data prior to their consolidation. Corporate HR and HSE also verify data consistency during consolidation.

These validations include data comparisons from previous years as well as careful analysis of any significant discrepancies.

Social data regarding the workforce are compared with consolidated data in the management control database.

To ensure that site representatives have properly understood the HSE indicators, and to ensure that the data reported correspond with those requested, HSE data verification is carried out during in-house audits conducted at Group sites.

External controls

In accordance with the provisions of the French “Grenelle II” decree of April 24, 2012 and the French Ministerial order of May 13, 2013 on the verification of CSR data, Sanofi has designated one of its statutory auditors as the independent third party (Organisme Tiers Indépendant, or OTI) responsible for verifying the disclosure and fair presentation of its CSR information. The OTI’s statement certifying the disclosure and fair presentation of CSR information, included in Section 4.5 of our Document de Référence, details the work carried out by the OTI, as well as its comments and conclusions.

4.5. INDEPENDENT VERIFIER’S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended the 31st December 2014

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC(1), under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Sanofi, we present our report on the consolidated social,
environmental and societal information established for the year ended on the 31st December 2014, presented in the Corporate Social Responsibility Chapter of the Rapport de Gestion (Management Report), hereafter referred to as the “CSR Information,” pursuant to the provisions of the article L.225-102-1 of the French Commercial code (Code de commerce).

Responsibility of the company
It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (Code de commerce), in accordance with the protocols used by the company (hereafter referred to as the “Criteria”), summarized in the “How corporate social responsibility information is reported: Methodological note” section of the Rapport de Gestion.

Independence and quality control
Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (Code de commerce). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier
It is our role, based on our work:

• to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (Code de commerce) (Attestation of presence of CSR Information);

• to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria;

Our verification work was undertaken by a team of twelve people between October 2014 and March 2015 for an estimated duration of 10 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission.

1. Attestation of presence of CSR Information
We obtained an understanding of the company’s CSR issues, based on interviews with the management of relevant departments, a presentation of the company’s strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (Code de commerce).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (Code de commerce).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (Code de commerce) within the limitations set out in the Methodological Note section of the Rapport de Gestion.

Based on this work and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work
We undertook around 30 interviews with the people responsible for the preparation of the CSR Information in the different departments in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

• Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;

• Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important(1):

• At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and

(1) The most important CSR information is listed in an appendix of this report.
consistency with the other information presented in the management report;

- At the level of the representative selection of sites and entities that we selected\(^1\), based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average:
  - 36% of the headcount;
  - Between 17% and 47% of the quantitative environmental data tested.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

**Conclusion**

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

**Observations**

Without qualifying our conclusion above, we draw your attention to the following points:

- Volatile organic compound (VOC) emissions are estimated either on the basis of mass balance or by direct measurements. The methods used to calculate these emissions are not yet applied uniformly throughout the audited sites.

- Regarding the training hours indicator, we draw reader’s attention to the elements given in the methodological note. Due to the recent implementation of this indicator on a broader perimeter including Germany, China, Brazil and the USA, the counting methods are not yet standardized.

Paris-La Défense, March 3, 2015

*French original signed by:*

Independent Verifier
ERNST & YOUNG et Associés

Partner, Sustainable Development
Eric Duvaud

Partner
Bruno Perrin

\(^1\) For social data, we selected a sample of administrative management entities in three countries (France, Germany and Brazil). For environmental data, we selected a sample of seven industrial and research sites (Brindisi (Italy), Aramon (France), Elbeuf (France), Allston OI (United-States), Toronto IO (Canada), Athens OI (United-States), Luleburgaz (Turkey)). For the lost time injury frequency rate, in addition to these seven sites, we selected a sample of medical representative entities in four countries (Mexico, United-States, Japan and Germany).
Appendix – List of the CSR information covered by limited assurance verification work

Quantitative social information
- Total staff at the end of the period and split by geography, by activity, by age, by gender, by seniority in the Group
- External hirings and departures
- Total number of training hours in France, USA, Germany, Brazil and China
- Percentage of women in Global key positions
- Absenteeism in France, USA, Germany, Brazil and China
- Salary increase budget in France, USA, Germany, Brazil and China
- Comparison between the average salary for the 15% lowest paid employees and the local minimum legal salary in France, USA, Germany, Brazil and China
- Lost time injury frequency rate worldwide (Sanofi and subcontractors)
- Number of Potentially Serious Incidents

Qualitative social information
- Training policy
- Implementation of “One HR” the HR Group policy
- Equal opportunity and anti-discrimination global approach
- Engagement survey process
- Health and safety conditions

Quantitative environmental information
- Air emissions (VOCs, SO\(_2\) and NO\(_x\))
- Wastewater discharge (COD)
- Total quantities of hazardous and non-hazardous waste
- Total water consumption
- Percentage of Group water consumption attributable to sites in areas of water stress
- Total energy consumption
- Direct and indirect greenhouse gas emissions

Qualitative environmental information
- Pharmaceuticals in the environment
- Measures taken to protect and develop biodiversity

Qualitative information relating to CSR commitments to promote sustainability
- Conditions for dialogue with individuals and organizations interested in Sanofi’s activity
- Taking into account social and environmental issues in procurement practices
- Measures to fight all forms of corruption
- Measures to protect consumers’ health and safety, including drug safety monitoring (pharmacovigilance), the fight against counterfeit drugs, and the number of clinical trials inspections conducted by the health authorities