

**Corporate Social
Responsibility**

**Chapter 4 of the Document
de Référence 2013***



(*) This is a free translation into English of the “*Chapitre 4. Responsabilité sociale, environnementale et sociétale*” of our *Document de Référence 2013* issued in French and is provided solely for the convenience of English-speaking readers.

CORPORATE SOCIAL RESPONSIBILITY 4

4.1. SOCIAL INFORMATION	1
4.2. INFORMATION ON HEALTH, SAFETY AND THE ENVIRONMENT	16
4.3. INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY	27
4.4. HOW CORPORATE SOCIAL RESPONSIBILITY INFORMATION IS REPORTED: METHODOLOGICAL NOTE	36
4.5. REPORT OF THE STATUTORY AUDITORS, DESIGNATED AS INDEPENDENT THIRD PARTIES, ON THE CONSOLIDATED CORPORATE SOCIAL RESPONSIBILITY INFORMATION PROVIDED IN THE MANAGEMENT REPORT	38

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 our statutory auditors. Their 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.

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, while adapting to future opportunities and challenges. 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 an application level of B+ for its 2012 report. We are also members of the United Nations Global Compact. Each year, Sanofi's CEO reports on the Group's progress in upholding the 10 principles established by the Global Compact.

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, a global healthcare leader;
- Developing Sanofi employees' key capabilities and skills;
- 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 data provided below reflect 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 (Brazil, China, Germany, France and the United States), which account for nearly 59% 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, 2013, the total number of employees reached 119,472, compared with 119,131 as of December 31, 2012.

Distribution of employees under contract by activity and region

Employees under contract as of December 31	Worldwide		Europe		of which France		North America		Other countries ⁽¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Employees under contract ⁽²⁾	112,128	111,974	53,880	56,265	27,537	28,111	18,795	18,994	39,453	36,715
%	100.0%	100.0%	48.1%	50.2%	24.6%	25.1%	16.8%	17.0%	35.2%	32.8%
Distribution by activity										
Pharmaceuticals	82.8%	83.1%	83.8%	84.5%	71.0%	71.2%	71.6%	69.6%	86.9%	87.8%
Human Vaccines (Vaccines)	11.6%	11.5%	11.1%	10.9%	21.5%	21.6%	19.9%	19.9%	8.3%	8.2%
Animal Health	5.6%	5.4%	5.1%	4.6%	7.5%	7.1%	8.5%	10.5%	4.8%	4.0%

(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, 2013, the total workforce reached 112,128 employees under contract (thus remaining stable compared with 2012), including 606 employees of companies that were consolidated or acquired during the year. Employees from the Pharmaceuticals, Human Vaccines (Vaccines) and Animal Health activities accounted for 82.8%, 11.6% and 5.6% of the total workforce, respectively.

In terms of regional distribution, the three countries where Sanofi has the most employees are France (27,537 employees, or 24.6% of the worldwide total), the United States (17,084 employees, or 15.2% of the worldwide total) and Germany (8,284 employees, or 7.4% of the worldwide total). We are continuing to expand our presence throughout the rest of the world, particularly in emerging countries. Sanofi has a total of more than 17,900 employees, or 16% of the total workforce, in China, Brazil and India.

Distribution of employees under contract by function and region

Distribution by function	Worldwide		Europe		of which France		North America		Other countries ⁽¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Sales forces	29.9%	28.8%	15.4%	15.7%	6.3%	6.6%	26.9%	26.0%	51.1%	50.5%
Research and development	14.9%	15.2%	19.5%	19.1%	26.4%	25.8%	21.0%	21.6%	5.7%	6.0%
Production	39.3%	40.2%	50.4%	51.0%	52.8%	53.6%	34.8%	34.1%	26.2%	26.8%
Marketing and support functions	16.0%	15.7%	14.7%	14.1%	14.5%	14.0%	17.3%	18.4%	17.0%	16.7%
Total employees under contract as of Dec. 31	112,128	111,974	53,880	56,265	27,537	28,111	18,795	18,994	39,453	36,715

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

As of December 31, 2013, our sales forces accounted for 29.9% of employees worldwide, representing an increase of 3.8% compared with 2012. In particular, sales forces rose nearly 9% in the "other countries" category and 2.7% in North America, but fell by 6.1% in Europe. This decrease is primarily due to job cuts as 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.

The number of R&D employees fell 2.2% compared with 2012. This decrease was primarily the result of a transformation project launched in 2009 to adapt Sanofi's organization to meet future challenges.

The number of production employees also declined, by 2.2% worldwide and 5.4% in Europe, mainly due to the closure of the Dagenham site in the United Kingdom and the sale of the Hlohovec site in Slovakia (with operations at the site maintained). The 5% increase in production employees in the rest of the world (excluding Europe and North America) is due to the acquisition of an industrial site in Colombia and the increase in the workforce at the vaccine production site in India in anticipation of the launch of the pentavalent vaccine in emerging countries.

Changes in the numbers of marketing and support function employees are driven by growth in Latin America and Asia.

Distribution of employees under contract by gender

Distribution by gender	Worldwide		Europe		of which France		North America		Other countries ⁽¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Women	45.1%	45.4%	48.6%	48.8%	49.4%	49.4%	49.2%	49.1%	38.3%	38.2%
Men	54.9%	54.6%	51.4%	51.2%	50.6%	50.6%	50.8%	50.9%	61.7%	61.8%

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

The overall proportion of female employees within the Group (45.1%) remained stable compared with 2012. The proportion of female managers (whose duties involve

supervising direct subordinates) was 39.3% in 2013, compared with 38.7% in 2012 (see Section "4.1.5. Equal treatment").

Distribution of employees under contract by age range

Distribution by age range (Employees under contract)	Worldwide	
	2013	2012
Under age 21	0.3%	0.3%
Age 21 to 30	18.1%	18.0%
Age 31 to 40	33.1%	33.6%
Age 41 to 50	30.1%	30.1%
Age 51 to 60	16.8%	16.3%
Over age 60	1.7%	1.6%

The average age of employees (41 years, one month) increased by four months compared with 2012 (40 years, nine months). A total of 75.9% of employees are between the ages of 26 and 50, which represents a decrease from

2012 (76.7%). A total of 51.3% of employees are age 40 or under, representing a slight decline from 2012 (52%), and 18.5% are over the age of 50, compared with 17.9% in 2012.

Worldwide distribution of employees under contract by seniority

Years of seniority (Employees under contract)	2013	2012
> 35	1.5%	1.6%
31-35	3.0%	2.8%
26-30	4.4%	4.7%
21-25	7.9%	7.5%
16-20	8.6%	8.7%
11-15	15.1%	14.5%
6-10	21.6%	21.5%
1-5	27.9%	28.5%
< 1	10.1%	10.3%

The average seniority of employees (10 years, 8 months) increased by two months compared with 2012 (10 years, 6 months). The average seniority of employees in Europe (13 years, 11 months) remains higher than that of employees in North America (9 years) and the rest of the world (6 years, 11 months). The average seniority of female employees

(10 years, 3 months) is eight months less than that of male employees (10 years, 11 months). A total of 59.6% of employees have 10 years of seniority or less, compared with 60% in 2012.

1.B. New hires and departures

New hires and departures by region

	Worldwide		Europe		of which France		North America		Other countries ⁽¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total number of new hires	13,145	11,874	4,255	4,706	2,349	2,682	1,678	948	7,212	6,220
Total number of departures	14,191	12,947	6,621	5,810	2,894	2,233	1,706	2,136	5,864	5,001

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

In 2013, Sanofi hired more than 13,000 new employees, including 53% under permanent contracts. The departure of 14,191 employees was primarily due to resignations (40%), layoffs (26%), the expiration of fixed-term contracts (17%) and retirement (5%).

Layoffs resulted, in particular, from the plan for the transformation of Support Functions, Vaccines and Industrial Affairs operations in France; the closure of the Dagenham industrial site in the United Kingdom; and the implementation of Shared Services throughout Europe (with the exception of France) to outsource transactions for the Procurement and Finance functions, which was completed in 2013. Two layoff plans were also implemented, in Greece and Portugal. Affiliates exercised great caution in managing their workforces, seeking to maximize opportunities to transfer employees between activities in different countries whenever possible.

Of the total number of departures from the Group, 22% were voluntary departures by employees under fixed-term contracts (essentially in China) and 78% were voluntary departures by employees under permanent contracts. This represents a limited turnover rate, i.e., 4.4% of 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 2013, Sanofi continued to reorganize activities in France. In conjunction with the France 2015 plan announced in October 2012, Sanofi initiated the process of transforming the operations of certain Group entities, including SAG (Support Functions), Sanofi Pasteur, Merial, Genzyme Polyclonals and SWI. The information and consultation procedures with employee representative bodies came to an end in February 2014 for Sanofi R&D.

The purpose of France 2015 plan is to:

- Base the Group's long-term viability on new research dynamics. The scope of activities at French R&D sites will be determined, and the sites will be adapted over the next three years to enhance inter-site cooperation and develop scientific, academic and private ties with the wider community, in order to better foster innovation and the discovery of new compounds;
- 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; and
- Continue to streamline the organization of support functions in line with the Group's diversification and enhance their efficiency.

Sanofi intends to carry out these changes by 2015 primarily through voluntary measures. The support measures under consideration are being discussed as part of the social dialogue with employee representative bodies and are financed entirely by Sanofi. The measures in question 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 to take on assignments where seniors transfer skills and share experience.

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

Taking stock of these measures at the end of 2013 showed that:

- 773 employees took advantage of age-related measures, some of them taking on assignments to assist organizations, local communities or SMEs; and
- 250 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.

Changes were also made at certain chemicals sites:

- Closure of the Romainville site: All employees initially affected by the closure (217 employees) benefitted from support measures provided during the three years of the plan's execution: 65 age-related measures, 122 internal reassignments and 27 decisions to leave the Group. Three employees were placed with the head office for chemicals activities pending their reassignment in 2014. In addition, part of the site's business was sold to Fareva; and
- Transformation of the Neuville site for production of Sanofi Pasteur's dengue fever vaccine: Of 725 employees, 408 were reassigned within the Group, primarily thanks to training to allow employees to move to new positions, 268 left in line with age-related measures and 39 left to pursue outside projects. Reassignments are still pending for ten employees.

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
- Maintain a balance between short-term performance and medium-/long-term performance.

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-/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.

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- and medium-/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-/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-/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-/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. 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.

In 2012, two indicators were 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 sales by growth platform. In 2013, an additional indicator (cash flow) was introduced 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 2013:

- 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-/long-term performance

In 2013, performance shares and stock options were granted to nearly 7,600 employees. These grants are conditional on employees' attainment of performance criteria over three financial years and their continued employment at Sanofi.

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 weighting applied to the medium-/long-term variable compensation component is comparable to that applied 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 take part in Sanofi's growth and success; and
- Align employee and shareholder interests.

As of December 31, 2013, 1.30% 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.

A capital increase plan reserved for employees, "Action 2013," was proposed to eligible employees of the Group. Its objective was to involve Group employees more closely in the success of Sanofi and to increase employee share ownership.

To that end, the plan offered employees the opportunity to subscribe for shares at a preferential price of €59.25 per share, which corresponds to a 20% discount. Within the

framework of this capital increase, about 15,000 employees in more than 80 countries invested €90 million to purchase approximately 1.7 million shares.

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 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.

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.

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 €8,607 million in 2013 (€8,614 million in 2012).

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 in the pharmaceutical sector;
- **China:** Average wages are more than 2.2 times the legal minimum wage applicable in the five largest cities (the five "first-tier" cities: Shanghai, Hangzhou, Shenzhen, Guangzhou and Beijing);
- **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. The minimum starting wage is negotiated with the trade unions; and
- **United States:** Average wages are more than 2.8 times the federal minimum wage.

In Germany, this comparison could not be made because the country had no federal minimum wage in 2013. 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 on the basis of 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. As an example, in 2013, salary budget increases totaled 2.2% in France, 6.8% in Brazil and 8% in China.

These budgets are comparable to those of our competitors.

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 2013, we decided to devote part of the total budget to adjustments such as reducing the wage gap between men and women.

External market competitiveness

It is essential for compensation components (base pay, individual variable compensation, deferred long-term compensation) to be consistent with market practices. 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 makes it possible 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.

Individual Variable Remuneration (IVR)

The targeted percentage of individual variable remuneration depends on the eligible employee's level of responsibility and industry practices. It ranges 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.

Variable Collective Compensation

In addition to individual variable remuneration, certain countries or business 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 2013, the APP is in place at 32 sites in 20 countries. On average, the amount of compensation represents 5% to 15% of the base pay of each beneficiary.

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; and
- **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 of 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 having increased the dividends paid to their shareholders must negotiate an employee bonus with unions. In 2013, this bonus was €420 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 2013, the amount distributed to employees in France under the statutory and voluntary profit-sharing initiatives and the profit-sharing bonus totaled €180.5 million, with individual amounts ranging between €5,687 and €8,806 (with the exception of Genzyme, where the maximum bonus was €24,554 in the absence of a maximum limit).

	2013	2012	% Change
Voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus	€180.5 million	€202.8 million	-11.0%
Minimum bonus: voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus	€5,687	€6,120	-7.1%
Maximum bonus: voluntary profit-sharing + statutory profit-sharing + profit-sharing bonus	€8,806	€9,337	-5.7%

The minimum amount of variable collective compensation paid by Sanofi in France represents the equivalent of 2.5 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.

Employee benefits

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, for example, in China and the United States.

This year China set up a personalized employee benefit plan that allows 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.

In certain countries, medical benefits also include programs focusing on prevention, vaccinations, screening (diabetes, skin cancer, etc.), nutritional advice, well-being, etc. For example, in the United States, Sanofi has set up the "Health in Action" program to encourage employees and their families to adopt healthier lifestyles with regard to tobacco use, obesity, physical inactivity, eating habits, and the use of medications, etc. Designed to improve health, this program has successfully motivated employees to change certain unhealthy habits.

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. 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.

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.

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

- **United States:** This year, the "MyAwards" program was established. 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

Employees under contract as of December 31	Worldwide		Europe		of which France		North America		Other countries ⁽¹⁾	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Employees under contract	112,128	111,974	53,880	56,265	27,537	28,111	18,795	18,994	39,453	36,715
Distribution by type of employment contract										
Permanent contracts	90.0%	91.1%	93.5%	93.8%	92.4%	92.7%	99.8%	99.8%	80.5%	82.4%
Fixed-term contracts	10.0%	8.9%	6.5%	6.2%	7.6%	7.3%	0.2%	0.2%	19.5%	17.6%
Part-time⁽²⁾	4,510	4,655	4,146	4,356	2,764	2,945	215	130	149	169
Full-time equivalents ⁽³⁾	3,411	3,496	3,137	3,280	2,190	2,326	157	82	118	134
Temporary employees	5,448	5,288	1,993	1,999	1,216	1,125	969	747	2,486	2,542

(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%) increased 1.1 percentage points compared with 2012. The ratio of temporary contracts to permanent contracts was 5.4%, which represents a 0.2 percentage point increase compared with 2012.

Within the Group, 4.5% of employees under permanent contracts work part-time; this rate remains comparable to 2012 (4.6%). The majority of part-time employees are women (85.9%).

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 Europe, several countries offer employees the option of working from home on a regular or occasional basis: Germany, Spain, France, Belgium, the Netherlands, Finland, Denmark and the Czech Republic. Outside of Europe, teleworking is also possible in the United States, Canada, Australia, New Zealand and Japan.

In Germany, a sector-specific collective agreement enables employees in the chemicals branch to set aside a portion of their salary in a leave-time savings account.

Sanofi's U.S. affiliate has implemented job sharing, whereby two part-time employees share a single position. There are currently 25 job-sharing positions (covered by 50 employees) within the U.S. sales forces.

In France, working time is set by law or collective agreements. In 2013, the theoretical average annual working time was 1,547 hours (compared with 1,561 hours in 2012).

Part-time	France	
	2013	2012
Number of employees under contract as of December 31	2,764	2,945
Full-time equivalents	2,190	2,326

Temporary employees	France	
	2013	2012
Temporary employees expressed as full-time equivalents: Annual average number of employees	1,216	1,125

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.

To this end, a "micro-absenteeism" indicator has been instituted within our production sites to measure the relationship between the total number of hours of short absences (three days maximum) over the course of a given

month and the total number of hours typically worked during the same period. We use the indicator within our Industrial Affairs Department, for the majority of our production and distribution sites.

The indicator is monitored and managed at the local level and cannot be extrapolated on a consolidated basis at the global level.

It provides an accurate reflection of employee engagement and the climate in a given affiliate. Micro-absenteeism data makes it possible to detect, region by region, early signs of stress, employee disengagement or the effects of poor working conditions. Micro-absenteeism levels are transmitted to global Industrial Affairs.

2.B.b. Absenteeism in France

Main causes of absenteeism	France	
	2013	2012
Total days of absence⁽¹⁾	278,969	290,124
Illness	214,777	215,108
Occupational and commute-related injuries	10,368	9,400
Maternity and/or paternity	53,824	65,616

(1) These data take into account Sanofi's new entities in France (Genzyme and Merial). They do not include absences authorized by the company: unpaid leave, parental leave, sabbatical leave, business creation leave, leave for family-related responsibilities and unworked notice periods.

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, 2013, 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 partake 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 2013, the EWC was renewed for four years and 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 and the status of ongoing reorganizations (including the France Horizon 2015 plan, the closure of the Dagenham industrial site in England, the sale of the Hlohovec site in Slovakia, and shared services within Finance and Purchasing in Europe).

Interim meetings with EWC officers also provide the body with regular or timely information based on developments within the Group. In 2013, management presented the Act for Your Employability initiative to the joint working group on employment in Europe and the EWC. This measure aims to raise employees' awareness of the need to take a proactive approach toward their careers. It will also provide them with qualitative and quantitative information on job trends in Europe.

In addition, throughout 2013, 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, was renewed for two years and met in June, October and December 2013. 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 2013, five agreements (including two agreements relating to internal mobility and voluntary internal missions) and 13 amendments (including one relating to improved coverage of healthcare expenses) were signed with employee representative bodies in France (see Section "4.2.2 Health and safety in the workplace").

As part of the action plan for cross-generation contracts (*contrats de génération*), Sanofi has committed, over a period of three years, to hire at least 500 employees under permanent contracts including 40% young people (age 30 or under; 25% of which 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.

These measures complement and reinforce the actions previously undertaken by Sanofi with regard to:

- Employment for seniors: 6.3% of the 1,075 employees hired under permanent contracts between 2010 and 2012 were over the age of 50; and
- Work-study contracts: since signing the relevant charter in 2009, Sanofi has provided work-study contracts to more than 4,000 young people.

Social dialogue in Germany: Employees are represented through the Works Council. Representatives are elected by employees for a four-year term and play an important role in co-managing our organization. In 2013, the Works Council addressed several major issues, including the negotiation of layoff plans for sales organizations, Industrial Affairs, the IT Department and Human Resources, as well as a leave-time savings account (*Langzeitkonto*) for employees covered by the collective agreement. The Works Council also discussed topics of a more operational nature, such as the new bonus system and training processes for employees not covered by the collective agreement. In addition, the Works Council was heavily involved in the shared social platform *Leben und Arbeiten bei Sanofi*, particularly with regard to topics such as gender balance, equal treatment, social responsibility and health management.

Other representative bodies also help foster social dialogue:

- The *Sprecherausschuss* is a representative committee made up of employees with management duties and its main purpose is to share information;
- The *Jugend und Auszubildendenvertretung* (JAV) represents members of the organization under the age of 18 and interns under the age of 25. JAV members are elected for a two-year term and work in close collaboration with the Works Council; and
- Members of the *Schwerbehindertenvertretung*, elected for a four-year term, represent disabled employees at the company and defend their interests.

3.B. Social dialogue in other countries

In 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 65 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 employee 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 the agreement relating to compulsory and voluntary profit-sharing or the prevention of occupational accidents.

Sanofi has also developed an in-house program known as the *Idealizar Project*, which allows all employees to share new ideas for innovation and process improvement. Ideas are examined by an in-house committee, and employees whose ideas are approved are rewarded for their contributions. This system reflects the socially responsible approach taken by the Group, which encourages employees to anticipate technological developments and change in the broader sense.

In China: Under Chinese law, employees are free to form trade unions, and companies are required to facilitate that process. In accordance with the principle of freedom of association and the right to collective bargaining provided for under Sanofi's Social Charter, Sanofi China has backed the implementation of employee representation at its four industrial sites. At Sanofi Pasteur, employees are represented at all levels of the entity, for both commercial and industrial activities.

Within Commercial Operations, employees are consulted on a project-by-project basis. For example, the 2012 project to create a flexible employee benefits plan stemmed from the findings of the employee commitment survey. During the development phase, a working group comprised of managers and employees was formed, and a questionnaire helped shed light on employee preferences with regard to the features of the future plan.

Employees were also consulted when company activity clubs were introduced. In Shanghai, a team of managers formed a committee to discuss the types of activities to be developed, and employees were then enlisted to manage the various clubs. At regional offices, local clubs were also created with the help of managers and employees, and they are run by employee volunteers.

In the 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 initiatives 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 2012 and 2013, about 55,000 employees, or 50% of the Group's workforce, were invited to participate in the survey. The response rate rose from 80% in 2012 to 85% in 2013.

In 2013, the survey was extended to other company sectors for the first time. 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

4.A. Training policy

As a key tool for developing skills and talents, training plays an essential role in Sanofi's human resource management.

Until recently, we applied a clearly decentralized approach to HR management, based on the observation that for training programs to be relevant and effective, they need to be designed as closely as possible to where they are applied in order to respond to actual and identified needs.

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.

In 2012, 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 to identify skill areas that need to be reinforced by Sanofi, either through appropriate in-house training or external recruitment. Talent reviews also offer an opportunity to propose targeted development plans to selected individuals.

Collective workforce planning measures initiated in 2012 within Industrial Affairs and in the Europe region were also expanded, particularly in France, Italy and the United States.

From an individual standpoint, annual development reviews enable managers and employees to assess fulfillment of job responsibilities, skills to be developed, preferred career paths, and training requirements, and help determine priorities for new programs.

4.B. Achievements in 2013

In line with the decentralized approach taken to date, some training programs are developed and organized directly by operational units to respond effectively to their technical and scientific requirements. Following the recent consolidation of such diverse organizations as Genzyme and Merial, existing processes and programs will initially be maintained in order to avoid delaying operational teams.

Similarly, although HR structures in certain countries (such as Germany, Brazil, the United States and France) have begun aligning their training practices, due to the complex nature of traceability systems for technical and non-technical training programs, the existing range of programs will be maintained, at least for the time being.

Consequently, the number of hours of training could not be consolidated at the global level in 2013. However, hours of training are published for France, which accounts for 25% of Sanofi's workforce.

We are currently putting in place a reporting system that will enable us, in the medium term, to report annual global consolidated spending on training.

In 2013, the LEAP Training initiative helped establish common criteria for measuring training efforts. They will be

applied starting in 2014. In France and the United States, the initiative also helped establish cross-functional structures for coordinating and discussing training questions within the affiliates.

In parallel, we launched new initiatives aimed at better adapting training efforts to focus on building the skills required for the Group's development:

- **Deployment of the Support Function Academies:** Launched in 2011, these Academies are designed to guarantee the knowledge and expertise of our support functions (Legal, Finance, Human Resources, Communications, Procurement and HSE) through strategic training programs. In 2013, nearly 30 programs were rolled out at six Academies, providing training to 1,100 employees worldwide.

Within the Academies, a cross-functional business partnering program enabled more than 100 Support Function employees to focus on their roles and improve their ability to negotiate and influence others in their capacity as business partners.

- **A shared training offer adapted to specific challenges:** The efforts we undertook in 2012 to revise training structures were continued in 2013 at the Group level in our major countries of operations (France, Germany and the United States). Existing management training programs have been brought together under a global framework known as the Leadership Development Offer.

We also created new cross-functional and global programs:

- 200 employees participated in the Impact program, which helps senior executives improve their communication skills;
- More than 130 employees participated in the **Evolution Center for Leadership** program, which enabled them to review their careers and prepare to take their professional development to the next level;
- **Lean methodology training** (improving performance in terms of quality, costs and time): The Industrial Affairs Department kicked off the year with "Lean Days," which brought together over 120 Lean performance managers from all Sanofi regions and industrial divisions with a view to making 2013 the year of Lean culture. An e-learning module was launched online, and our Lean Academy provided training on the different aspects of Lean methodology to 1,032 employees worldwide; and
- **Manager training and key skills:** Our HR teams conducted a Group-wide project to identify the skills required to boost employees' future development. Starting in 2014, Sanofi will propose a diversified offer to provide support to managers and concentrate training efforts on a few key global programs implemented at the regional level.

At the local level, an increasing number of programs are proposed under our common training offer:

- **In France**, in connection with the implementation of shared services for training organization and administration, and a center specialized in designing training programs:

- Employees were offered a selection of training programs focused on three main areas: Management and Leadership, Personal Development and Professional Effectiveness, and Career and Occupational Assessments. The programs in this offer, which was designed by a cross-functional steering committee, were selected from existing options. All the programs are rooted in the Group's competency framework. Management training was provided to 1,500 employees, and 3,500 interns participated in Personal Development and Professional Effectiveness programs; and
- A single administrative platform for managing language courses (4,000 employees).
- **In the United States**, shared programs for developing management skills were proposed to employees of Sanofi, Sanofi Pasteur and Genzyme, and, more recently, to Merial employees. The Group plans to open these training programs to Canadian employees starting in 2014. Courses are taught either face-to-face or online.

To this end, the Learning Gateway web portal, created in 2012, has been opened up to all employees (individual

contributors, managers and senior leaders) to allow them to find training that matches their needs and sign up directly for e-learning and face-to-face sessions.

- **In Germany**, the new My Development web portal provides a unique source of information on all issues relating to professional development. Readily accessible and user-friendly, this portal gives expert teams better visibility and optimizes our professional development offer.

4.C. Investment in training

As indicated in Chapter 4.B, in 2013 it was not possible to consolidate hours of training at the global level. Hours of training are published only for France, which accounts for 25% of Sanofi's workforce.

- **In France** in 2013, nearly 592,000 hours of training, including HSE training, were provided to 22,540 employees, i.e., 82% of the workforce (compared with 86% in 2012). The average number of hours of training amounted to 26.3 hours per person in 2013, which is slightly less than 2012 (27.8 hours).

	France	
	2013	2012
Number of employees who received training	22,540	24,146
Number of hours of training	591,931	670,862

Note: Data include Genzyme and Merial.

4.1.5. Equal treatment

5.A. Diversity policy

Since 2011, the Corporate Social Responsibility Direction has been in charge of the Group's diversity strategy. In 2013, the diversity strategy became a global Group policy that outlines our principal commitments with regard to non-discrimination, equal opportunity and the promotion of diversity, as well as our commitment to monitor progress of the Group's initiatives on a yearly basis. This policy has been circulated with a view to progressive implementation. Pursuant to our policy, we have prepared an annual report that not only states our commitments, but also provides concrete examples of best practices across the Group's different entities and affiliates. These examples cover a broad range of subjects, illustrating how we pursue a variety of complementary actions to promote diversity. The report was broadly circulated in-house, and has also been made available on Sanofi's website.

Our diversity policy is implemented through a network of 56 Diversity delegates in over 90 countries, who translate Sanofi's group-wide policy into concrete measures adapted to the local context of our various affiliates. A training program was developed for the network in 2013, which will be rolled out in 2014.

In-house communications and building awareness among all Sanofi employees of 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. Employees can find information on these topics via the Group's intranet site and in-house newsletters.

5.B. Gender equality at work

In connection with International Women's Day, Sanofi's CEO reminded the Group that gender equality lies at the core of Sanofi's strategy. Increasing female talent has been included in the bonus objectives of the Executive Committee. The commitments expressed by Sanofi's CEO include: supporting the actions of the Women's Leadership Council, joining the Executive Committee in promoting gender balance, including different viewpoints and stakeholders in our strategy, making equal opportunity a priority in recruiting and loyalty initiatives, compiling a compendium of best practices and circulating it to the broadest possible audience, and pursuing initiatives to help strike a better work-life balance.

In 2013, we issued a gender balance white paper, which includes an action plan. The paper was reviewed by the members of the Executive Committee and the Women's Leadership Council and the action plan will be launched in 2014.

As of December 31, 2013, 45.1% of the Group's workforce and 39.3% of managers (whose duties involve supervising direct subordinates) were female (compared with 45.4% and 38.7%, respectively, in 2012) (see Section "4.1.1. Employment").

At the end of 2013, women represented 19.3% of the Senior Leadership Team (compared with 17.3% in 2012), which includes 275 senior managers (272 in 2012), and 24% of global key positions (958 positions considered essential in order to reach Sanofi's strategic objectives).

Several initiatives to promote gender balance and equality at work were introduced in 2013 for various countries and activities. For example:

- Support for organizations that promote gender balance: For the fourth consecutive year, Sanofi sponsored and sent a 25-person delegation to the Women's Forum in Deauville. Since 2010, more than 100 employees have attended this event, enabling them to champion gender balance within the Group. Sanofi participated in the Brazilian edition of the Women's Forum once again in June 2013, as well as the first edition of the Women's Forum in Myanmar in December 2013, which was also attended by Sanofi's CEO, Christopher Viehbacher;
- Events organized over the course of one month in the United States and Canada to illustrate Sanofi employees' scientific contribution to innovation within the Group;
- International Women's Day, celebrated in several countries through a variety of initiatives, including conferences and debates, employee meetings with management, information sharing via various media and a meeting of employee delegates with the Australian Prime Minister and Health Minister;
- Mentoring programs for high-potential female employees continued in 2013. The international Corporate Catalyzer program helped 23 women with the potential to become senior executives prepare for their future leadership. Mentoring is provided by members from the Group Executive Committee and the Global Leadership Team. A new edition of the program will begin in 2014;
- Company mentoring programs (in France, the United States, Taiwan, Japan, etc.) and inter-company mentoring programs (in Germany); and
- The Group's women's networks, such as Women in Sanofi Pasteur (WISP) and the Sanofi Women Australia/New Zealand network (Swanz), were very active in 2013. The networks, which initiate proposals for the Group, held conferences and meetings on the topic of gender balance and participated in inter-company women's network meetings. The WISP network received three awards in 2013.

5.C. Employment and integration of people with disabilities

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

At the global level, Sanofi focuses on the following objectives, 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;

- Heightened information and communication, as well as ongoing efforts to raise awareness about disabilities;
- Forging relations with specialized centers and disability-friendly structures; and
- Ongoing actions to improve accessibility, in particular access to information.

In France, the Group employed a total of 1,239 employees with disabilities in 2013, compared with 1,153 in 2012, 1,061 in 2011 and 998 in 2010.

Following the implementation of the second agreement on job retention and integration of people with disabilities (2009-2012), we further bolstered our commitments in this area with the signing of a third agreement in 2013. We intend to pursue the full range of initiatives to promote integration and job retention of persons with disabilities (2013-2016).

This agreement falls within the scope of the French Law of July 10, 1987, amended by the Law of February 11, 2005 "for equal rights, equal opportunity, participation and citizenship of people with disabilities." For everyone at Sanofi (departments, management, employees, trade unions and employee representative bodies, and in particular the Committee for Hygiene, Safety and Working Conditions, or CHSW), the agreement is intended to impart a sense of responsibility and accountability in terms of how resources and measures are determined and implemented to promote the integration and job retention of people with disabilities. A partnership was also signed in 2013 with the ATHAREP association to promote hiring of young people with disabilities.

Twenty-three French sites organized events during Disability Employment Awareness Week in November 2013.

Between 2009 and 2013, Sanofi provided funding for 50 projects proposed by employees who are personally involved in associations actively working in areas relating to disabilities, thus rewarding the commitments of both the employees and the associations.

In other countries:

- In Brazil, Sanofi employs 124 people with disabilities, which account for 2.5% of the workforce. The Suzano site employs 50 people with disabilities (5% of its permanent workforce);
- In Germany, Sanofi employs 378 people with disabilities, which account for 4.9% of the workforce (close to the 5% required by law);
- In Egypt, the law requires that employees with disabilities account for 5% of all companies' workforces. Sanofi has far exceeded this minimum, as employees with disabilities account for approximately 12% of the industrial workforce (27 employees);
- In Japan, in compliance with local regulations requiring that employees with disabilities account for 2% of workforces, Sanofi employed 40 people with disabilities in 2013, including 13 people employed through La Maison Business Support Center. This project was recognized by the Health Ministry in 2011 and 2012; and
- In Mexico, our efforts to integrate people with disabilities and raise employee awareness of disabilities were recognized in 2012 and 2013 through the "Inclusive Company" award conferred by the Labor Ministry.

For the International Day of Persons with Disabilities, we created a video to illustrate the Group's commitments across various affiliates.

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

Sanofi has initiated projects worldwide to promote equal opportunity, prevent discrimination and foster a culture that is inclusive of all employees. For example:

- 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 2013, Sanofi provided training for approximately 1,145 young people (compared with 1,222 in 2012) under work-study contracts in France. In Germany, 441 apprentices worked at Sanofi in 2013 (compared with 468 in 2012);
- In France in 2013, 52 employees took part in sponsorship initiatives focused on equal opportunity. In Germany, the Start Plus program enabled 10 youths lacking qualifications to enter the workforce;
- 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. Several affiliates offer teleworking possibilities (for example, in France, the Netherlands, the United States, Canada and Australia) or programs geared towards parents (such as in Australia). Since 2012, 450 employees have taken advantage of a family assistance program in Germany; and
- In the United States, Employee Resource Groups (ERGs) work on various issues relating to diversity in the workplace with the Group's ongoing support. We stand by them as they address issues such as visible and invisible minorities, sexual orientation and ethnic origin. For example, in the United States, the ERG for Veteran Transition and Support (VETS) provides assistance for veterans in the form of mentoring and activities designed to facilitate their return to work and improve job retention. The "Parents Connect" ERG aims to enhance the work-life balance of working parents through mentoring and access to networks and resources.

4.1.6. Promotion of and compliance with International Labor 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 in accordance with 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 employees to inform their superior or the Global Compliance Department of any concerns regarding possible illegal practices or ethical violations if they believe in good faith that a rule or one of the principles laid down in the Code of Ethics has been or is about to be violated.

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 2013 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. We consider this master policy 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 workplace safety (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 is currently undergoing accreditation for quantitative analyses of air samples taken at our sites.

Appropriate industrial hygiene practices and programs are defined and implemented in 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, a committee has been set up to support the implementation of the new 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 in France, the plants located in the Industrial Park 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. Additional ecotoxicity assessments are being performed on certain substances that predate current regulations, in order to obtain additional information required by regulations introduced after they were launched. These tests have made it possible to supplement or update assessments and determine the environmental risks resulting from their use by patients.

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 770 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

As part of a comprehensive system for monitoring legal developments relating to HSE, legal developments relating to the environment are monitored 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 2013, in-house teams carried out 43 complete Health, Safety and Environment audits at Group sites and pharmaceutical operations head offices. Our central teams conducted 81 specialized HSE audits targeting contractor management (72) and biosafety (9). Moreover, 164 loss prevention technical visits and 97 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. To our knowledge, in 2013 Sanofi was not subject to liabilities for non-compliance with current HSE laws and regulations that could be expected to significantly jeopardize our activities, financial situation or operating income. 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.

Environmental indemnification in 2013 was immaterial.

We are involved in various certification processes relating to safety, the environment and energy. A total of 54 sites worldwide were ISO 14001 certified in 2013, and 35 of these sites are OHSAS certified. Fifteen R&D and production administrative buildings are LEED certified and three administrative buildings are certified to operate as HQE sites. A certification process focusing on energy management (ISO 50001) has been successfully introduced at all Sanofi sites operating at the Höchst industrial platform in Frankfurt. In addition, two sites in France were certified to ISO 50001 level one in 2013.

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 2013, more than 306,000 hours of HSE training were provided worldwide (including eco-driving training).

Also in 2013, the Sanofi HSE Department continued to develop the HSE Academy established in 2012, which provides HSE culture training modules (including an environment and energy module) 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 2013, including €35 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 €201 million in 2013.

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, Slovakia, Brazil, 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 Rochester, Cincinnati, 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; Hlohovec in Slovakia; Prague in the Czech Republic; Beaucaire, Valernes, Limay, Rousset, Romainville, Neuville, Vitry 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.

Potential environmental contingencies arising from certain business divestitures are described in Note D.22.e) to the consolidated financial statements. In 2013, Sanofi spent €52 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 €98 million as of December 31, 2013, compared with 728 million in 2012. 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 2013

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

2.A.a. Collective agreement

In France, the committee responsible for overseeing the 2011 "arduous work" agreement held a meeting to review the year 2013. 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

Launched in 2012, the HSE Academy, which groups together HSE training programs proposed and approved by the HSE Department (regulatory training not included), has rapidly expanded. In 2013, it provided training to approximately 5,000 employees.

The principal training initiatives included the following:

- Various HSE Culture modules adapted to local situations were developed and deployed primarily at Genzyme, Meril and Sanofi Pasteur. In addition to the 6,650 managers who have received training since the program was launched in 2003, 500 employees received training in 2013;
- Road safety was addressed through continued "training the trainers" programs in 2013, with the goal of recognizing human limits when driving. This training was supplemented by e-learning modules offered in several countries (see Section 2.A.d);
- HSE Management and Leadership training was offered in 2013:
 - Training for company HSE auditors in France and the United States;
 - Primarily in Europe, 30 site managers and management committee members participated in an HSE leadership training program primarily;
 - A training program in Human Organizational Management for Safety (HOMS) offered primarily in France introduced 135 managers to a new approach to safety management; and
 - Training leading to certification was introduced as part of the "Supporting Change for HSE Managers" program and will be continued in 2014;
- The industrial hygiene training introduced in 2012 was also continued. More than 50% of our hygienists (in Europe, China, India and Brazil) have received training on the fundamentals of industrial hygiene under the internationally recognized W201 program, which leads to certification from an accredited organization.

In late 2013, advanced training in chemical risk control (W505), provided under the same conditions and supplemented with training sessions on chemical risk assessment, ergonomics and noise prevention, was introduced in France and China.

Sanofi also developed biosafety and biosecurity training based on international standards in 2012. This training is aimed at establishing or enhancing a network of specialists whose expertise is verified through regular testing and validated by a jury at the end of the program. Launched in France and the United States in 2013, this training program will be continued in 2014 in other countries (Mexico and Canada) and among other participants to enable them to respond to critical on-the-job situations in South America,

Asia and Europe. To date, 40% of the relevant employees have been trained and certified under this program. In parallel, training sessions on the fundamentals of biosafety were held in various countries in 2013 (India, France, Brazil, Mexico, the United States, the United Kingdom, the Netherlands, Germany and China).

2.A.c. Initiatives to prevent occupational injuries

Prevention of serious and potentially serious accidents involving equipment

In an effort to harmonize protective measures, which are often determined by local regulations, a guide will be 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 75 sites worldwide, after which a report was drafted and an action plan was developed for each site.

The final global report will be issued in 2014, and each site will implement the initiatives provided for in its action plan.

2.A.d. Road safety training

In 2013, the Group demonstrated its genuine commitment to road safety through a video shown to all Sanofi employees, subtitled in various languages. Sanofi's CEO, Christopher Viehbacher, highlighted training programs and communications campaigns providing road safety guidance, and discussed the eco-driving pilot initiative rolled out in Ukraine in 2012.

We continued the training programs introduced in 2012. In all, nearly 3,200 employees received in-house training in 2013 to improve driving behavior in response to road risks while driving automobiles, motorcycles, scooters and mopeds in India, Mexico, Russia, Pakistan, Vietnam and Australia.

Sanofi also set up a web-based driver evaluation tool and training modules adapted to the specific situations and languages spoken in different countries. In 2013, 817 medical sales representatives used the e-training modules, which were offered in France (Meril), Algeria, Belgium, Finland, Norway, the Netherlands, the United Kingdom, Switzerland and Vietnam. Other local e-learning programs relating to road safety are offered in the United States, China, Japan and Hungary.

The Group's road safety policy is administered by the Road Safety Committee, which meets annually to review actions undertaken and progress made and decide on new projects.

Each year, the committee also recognizes the most innovative programs as Road Safety Champions. In 2013, programs in Australia, Bangladesh, Finland, the Philippines, Ukraine and the United States received this prestigious award.

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.

The program will be rolled out at all Sanofi sites worldwide starting in 2014.

Under the guidance of our occupational physicians, in 2013 other initiatives were established for employees in the Asia-Pacific region, Latin America, India and Europe, adapted to the local cultures of our employees with respect to preventive medicine. In Ireland and Mexico, Sanofi was recognized for efforts made to promote health and well-being in the workplace.

Under the leadership of the Workplace Health Committee created in 2010, Sanofi continued to introduce initiatives to prevent psychosocial risks across the Group's French sites. In 2013, the Group's "Stress Observatory" covered 96% of French sites. Qualitative analyses of initial findings have led to the implementation of local action plans. Again this year, a national cross-functional meeting (including HR, HSE, occupational physicians and secretaries from the

Committees for Health, Safety and Working Conditions, or CHSCT) brought together 150 people to share their experience on this issue. One of the current priorities is primary prevention of psychosocial risk factors at the source. In parallel, group management practices workshops are being introduced at Sanofi sites in France (Quetigny, Lyon and Sisteron) 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 to promote the exchange of learning experiences and good practices. In 2013, LEX days focused on greenhouse gases and musculoskeletal disorders, bringing together experts from several sites and functions.

LEX reports are also circulated throughout the Group.

In 2013, a LEX day on the risks associated with packaging equipment and the management of independent contractors was organized for teams in the Asia-Pacific region in conjunction with the Sanofi HSE Department.

2.B. Health and safety indicators

Occupational injuries

Lost time injury frequency rate*	2013	2012
France	2.9	3.0
Worldwide	1.6	1.8
Distribution of worldwide rate by function:		
Industrial Affairs	1.4	1.4
Vaccines	2.1	1.7
Research and Development	1.2	1.3
Global Operations	1.6	2.1
Support Functions	0.7	1.5
Genzyme	1.3	3.0
Merial	2.2	2.3
Independent contractors	2.8	2.3

* 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 2012 have been restated for the scope of the Group at the end of 2013.

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 decreased in comparison with 2012.

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 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 incidents and take into account human and organizational factors in an in-depth analysis of these incidents. The ultimate aim is to focus our efforts on preventive initiatives in connection with potentially severe injuries, rather than reacting after accidents occur.

Compared with 2012, the lost time injury frequency rate improved significantly for Global Operations, Support Functions and Genzyme, and remained approximately the same for Industrial Affairs, Merial and R&D, but increased for Sanofi Pasteur and independent contractors.

In France, the frequency rate for Sanofi employees was 2.9, remaining approximately the same as the previous year. This means that out of 210 Group employees, less than one experienced an occupational injury, whereas the French national average is one out of 25 employees (2011 data).

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.

In 2013, 35 occupational diseases were reported for all sites in France, compared with 60 and 57, respectively, reported for 2011 and 2012. At the global level, 54 occupational diseases were reported in 2013 (compared with 78 and 85 in 2011 and 2012, respectively), essentially in France and North America, where reporting and recognition systems are well-established and readily accessible.

Recognition of the occupational nature of a diseases may require lengthy investigations (lasting more than six months in France, for example). For this reason, as of December 31, 2013 in France, out of 35 reported occupational diseases, eight were recognized as such; for 2012, out of 57 reported occupational diseases 42 were recognized as such.

The leading cause of occupational diseases at Sanofi is musculoskeletal disorders, which accounted for 96% of occupational diseases in 2013, 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 2013, specific operating measures aimed at reducing water consumption (moderation and recycling) and the continued conversion of chemical production facilities to biotechnologies led to a 7.1% reduction in water consumption in our manufacturing and R&D activities compared with 2012.

(m ³)	2013	2012
Consumption of surface water (lakes, rivers, etc.)	16,038,107	17,863,051
Consumption of groundwater	20,937,260	22,013,672
Consumption of water from public supply	8,861,725	9,457,990
Total	45,837,092	49,334,713

All activities combined, Sanofi reduced water consumption by 25% between 2005 and 2011. We have taken on the ambitious goal of reducing water consumption by another 25% by 2020 (base: 2010). This goal has been furthered through intermediate steps, namely by developing water consumption reduction plans in 2014 and implementing these action plans from 2014 to 2020. In 2013, the Group has already reduced water consumption by more than 19.8% 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.

For the last three years, Sanofi has used the Global Water Tool, developed by the World Business Council for Sustainable Development (WBCSD), to assess impact on water resources in relation to water stress levels in relevant drainage basins.

Currently, 45% of Sanofi sites (which account for 62% of our water consumption) are located in areas of moderate to high levels of water stress (distribution based on 2012 data). It is commonly known that the drainage basins of the Seine in France and the Main in Germany where some of our sites with the highest water consumption levels are located (the greater Paris area, the region of Normandy and Frankfurt), are areas of moderate to high water stress. Stress in these basins is linked to theoretical water consumption resulting from high population density and agricultural activity. We do not believe that our activities have a significant impact on water resources in these areas.

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 2.8% compared with 2012, particularly through energy efficiency measures, the continued reorganization of R&D entities and

the conversion of chemical production facilities to biotechnologies.

GJ (Gigajoules)	2013	2012
Natural gas	8,694,304	8,784,847
Electricity	6,854,282	6,902,393
Coal	59,572	66,202
Liquid hydrocarbon fuel (not including fuel for vehicle fleets)	464,979	859,690
Renewable fuels	18,513	7,231
Other (steam, thermal fluids, cooling water)	1,563,842	1,541,673
Total	17,655,492	18,162,036

Renewable energy accounts for 8.8% of Sanofi's total energy consumption. Renewable energy consumption includes, in particular, consumption of thermal fluids from renewable sources (geothermal energy), biomass consumption for heat generation, the portion of our electricity obtained from certified renewable sources (25%) at 19 of our French sites (supplier certification of electricity produced from renewable sources in accordance with French Order No. 2011-1105 of September 14, 2009), and the portion of electricity from renewable sources based on the energy mix in the countries where the Group operates.

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 limited fossil fuel resources. 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.

Alternative consumption (using renewable energies)

As part of our strategy to reduce greenhouse gas emissions, we conduct regional assessments relating to the use of energy sources that produce the lowest possible greenhouse gas emissions and the use of renewable energies, based on risk/opportunity analyses (risk of supply shortages versus opportunities offered by government incentives). In particular, Sanofi is gradually discontinuing its use of fuel oil in favor of natural gas (in the United Kingdom and Mexico in 2012, and the United States in 2013). In Hungary, we continued to replace the use of natural gas for heating purposes with hot water produced by a local municipal geothermal energy network, which Sanofi helped promote in 2012.

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. Selection and replacement criteria for solvents include reducing the risk they may pose to health, safety and the environment.

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 6% decrease in the quantity of solvents used by Sanofi. The solvent regeneration rate has risen very slightly as a result of the increase in solvents sent from the Sisteron (France) site for regeneration.

(Tons)	2013	2012
Solvents used	168,397	178,968
Percentage of regenerated solvents	60%	59%

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 risks generated by a dwindling supply of fossil fuels and risks related to climate change, which is caused when fossil carbon is converted into atmospheric carbon, we have made it a priority to reduce CO₂ emissions by 20% by 2020 (20% reduction on scope 1 and 2 emissions in 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 2013, corresponding CO₂ emissions decreased by 0.6% from 2012, on a comparable basis. This decrease is a result of the stabilization of workforce in countries with mature markets and the sizable increase in the workforce in emerging countries. Greenhouse gas emissions per kilometer driven

fell to an average of 196g CO₂e/km, compared with 198g CO₂e/km in 2012.

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, according to emission factors specific to each site. Although emissions from the transportation of materials are not included in this total, it should be noted that the efforts since 2009 to reduce such emissions were continued in 2013 (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 6.4% and 2.4%, respectively. 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 11% overall.

(Tons CO ₂ e ⁽¹⁾)	2013	2012
Fuel (Scope 1)	479,511	512,048
Production of electricity and other forms of energy (Scope 2)	608,058	623,157
Medical sales representative vehicles (Scope 1 - estimated)	145,101	145,984

(1) CO₂e = CO₂ equivalent.

In addition to measures taken to reduce our energy consumption (fossil fuels and electricity), measures have also been taken to decrease work-related travel. The installation of videoconferencing rooms allows multi-site meetings to be held without systematically requiring employees to travel. We have also revised our policy on work-related travel to encourage the use of modes of transportation that emit fewer greenhouse gases when traveling is necessary.

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

One of the consequences of climate change that could have a material impact on Sanofi's operations is extreme weather, which presents a risk to both our production facilities and the 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, in particular those that generate a flood risk requiring an emergency plan. 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. Preventive measures to 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 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. The Group is aware that different sites use different calculation methods. In light of the public health impact associated with local VOC emissions, the Group's HSE Department has made a commitment to develop a single calculation methodology to effectively measure efforts to limit VOC emissions.

(Tons)	2013	2012
VOCs (estimated)	2,819	2,575

In addition to carbon dioxide (CO₂), 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 sources that emit SO_x) to natural gas. In 2013, the boilers at one of our sites that consumes the most energy (Swiftwater, Pennsylvania) were converted to natural gas.

Only SO_x emissions related to coal and fuel oil combustion are presented. 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). This use tends to vary depending on the reliability of local electricity networks. Other than the variability of emergency electricity production, the 10% reduction in the Group's SO_x emissions between 2012 and 2013 is a result of fuel oil being replaced with natural gas to power the boilers at a major vaccine production site in Swiftwater (Pennsylvania).

(Tons of SO _x)	2013	2012
Direct emissions	249	277

Nitrogen oxides (NO_x) are released during the combustion of liquid and gaseous fuels.

NO_x emissions from manufacturing processes – of little significance in comparison with emissions from combustion facilities – are not included in the consolidated data. The table below presents annual emission volumes resulting from hydrocarbon combustion, based on emission factors.

(Tons of NO _x)	2013	2012
Direct emissions	346	416

The 16.8% decrease in NO_x emissions is linked to the reduction in greenhouse gas emissions generated by the burning of fossil fuels and to the increased use of natural gas (which generates fewer emissions) as a replacement for fuel oil.

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 presented 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.

(Tons)	2013	2012
COD	2,527	3,084

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.

(Tons)	2013	2012
Nitrogen	286	357
Total suspended solids	510	759

The 18% decrease in COD discharges is due to issues resolved at one Group site and the decline in activity at sites that contribute significantly to wastewater discharge. Levels of nitrogen and total suspended solids contained in wastewater fell 19.9% and 32.8%, respectively. Like COD levels, levels of nitrogen and total suspended solids depend on the sites' level of activity and wastewater management, as well as the active substances being produced and the products that are used, which have varying rates of biodegradability.

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. In 2012, we started construction of a wastewater treatment facility at one of our sites in India (Ankleshwar). The best available wastewater treatment techniques were implemented to ensure that the facility meets the highest standards set by the authorities of the state of Gujarat. The facility has been fully operational since May 2013.

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 include:

- 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 HSE policy.

Our approach focuses on four key areas:

- Improving the Group's knowledge about the impact of our products by conducting both mandatory and voluntary environmental risk assessments on new and marketed products under the guidance of the ECOVAL committee;
- Developing the Group's general knowledge about pharmaceuticals in the environment through research partnerships with academia (such as the Peres Center for Peace), in close collaboration with 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 involving several sites, environmental target values have been determined for 30 Group compounds. To date, 23% of the compounds have been reviewed and assigned a target value; and
- Exploring new technologies for treating these types of micro-pollutants.

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 HSE 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' equipment and 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 preventive monitoring and evaluation program for Group properties, both for those with ongoing operations and those being sold. When required, detailed risk evaluations of soil and groundwater contamination are carried out at current or former sites for remediation purposes.

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

The quantity of hazardous waste produced in 2013 fell 9.8% compared with 2012 due to heightened control of waste streams and the resolution of treatment plant issues that required wastewater sludge to be sent out for hazardous waste disposal in 2012. The recovery rate (recycling or thermal recovery) has increased steadily over the last two years, rising from 54% in 2012 to 56% in 2013.

The proportion of waste sent to landfills decreased 18% and continues to represent less than 2% of the total waste produced by the Group. This means of disposal is used only as a last resort when local incineration plants are unavailable.

(Tons)	2013	2012
Recycled hazardous waste	34,411	30,215
Hazardous waste incinerated with thermal recovery	39,670	49,276
Hazardous waste incinerated without thermal recovery	56,709	65,282
Hazardous waste sent to authorized landfills	2,465	3,016
Total	133,255	147,789

The volume of non-hazardous waste produced in 2013 increased 4.4%, with the recovery rate (recycling or thermal recovery) remaining relatively stable compared with 2012, at

80%. It should be noted that non-hazardous building waste is not included in the data below, even though Sanofi focuses on recovery after treatment.

(Tons)	2013	2012
Recycled non-hazardous waste	68,638	64,676
Non-hazardous waste incinerated with thermal recovery	18,003	16,605
Non-hazardous waste incinerated without thermal recovery	2,214	4,327
Non-hazardous waste sent to authorized landfills	19,179	17,850
Total	108,034	103,458

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 of in any other manner.

Each site manages its waste according to the 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 for non-hazardous waste 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.

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. On a local level, 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 smells 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

Three of our sites (Vertolaye in France, Csanyikvölgy in Hungary and Swiftwater in the United States) are located in special habitat protection areas (e.g., Natura 2000) and are thus under particular scrutiny.

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 polluting production activities, 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
- Sourcing biological materials and related services from suppliers who respect appropriate environmental and biodiversity preservation standards.

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;
- 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, no plant or animal included in the CITES lists (appendices I, II and III) 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;
- Setting up training and education programs in the healthcare field for local communities; and
- Decisions about where to locate production sites with the aim of being closer to patients.

Sanofi operates in over 100 countries, with industrial and R&D sites across the globe (see Section 2.4. "Investissements – Principaux établissements" of our *Document de Référence*). The geographic distribution of our workforce, sales and investments may 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*.

Furthermore, Sanofi and the Sanofi Espoir Foundation's commitment to local communities is exemplified by the following initiatives worldwide: (see also Section "2.B.b. The Sanofi Espoir Foundation" in this chapter).

- Healthcare access programs (e.g., My Child Matters, Stand up for African Mothers, etc.);
- Awareness and screening campaigns within communities;
- Training for healthcare professionals;
- Responses to humanitarian emergencies; and
- Aid for the most disadvantaged patients.

1.B. In Africa

Sanofi is the largest pharmaceutical group in Africa, with sales exceeding €1 billion in 2013. Today the Group has 4,680 employees working in 51 African countries. Sanofi operates seven plants in six countries: South Africa, Algeria, Egypt, Morocco, Senegal and Tunisia, as well as an R&D center in South Africa. Nearly 60% of Sanofi drugs intended for use in Africa are manufactured locally. Over the last five years, we have invested €86 million in our industrial facilities and plan to invest another €105 million in the next five years. One of our strategic projects is the largest industrial site in Africa set to open in 2017 in Sidi Abdallah-Alger, Algeria. This site will have a production capacity of 100 million units per year and is expected to create 130 local jobs.

Among other strategic projects, we are designing new production lines to manufacture our products: anti-tuberculosis drugs in South Africa, anti-infectious drugs in Tunisia, injectable medicines in Egypt, and anti-malarials in Morocco. Through Zentiva, Sanofi's generics division, we are developing our portfolio of affordably-priced generic products, which should allow a growing number of patients to gain access to affordably priced medicines.

In Casablanca in April 2013, Christopher Viehbacher, CEO of Sanofi, inaugurated the Group's largest pharmaceutical distribution center in Africa. Sanofi is the leader in the African market and already has a pharmaceutical development center and the Maphar production site in Morocco. Certified by the WHO, this site produced 80 million doses of the malaria drug ASAQ Winthrop® in 2013, exported to 26 countries in sub-Saharan Africa.

Sanofi also provides training and educational opportunities, and cooperates locally with healthcare authorities, the medical community, learned societies and healthcare personnel. The Sanofi Pediatrics Initiative, the African Pain Club and web-based training for healthcare professionals, such as the e-Pediatrics and e-Diabetes programs, are just some examples of programs illustrating the Group's involvement in the development of healthcare systems in Africa.

1.C. France

Sanofi in France:

- Over 27,000 employees, representing one-third of pharmaceutical industry jobs in the country;
- 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 €2.6 billion in 2013, i.e., 8% of the Group's global sales;
- €2.8 billion in industrial and R&D investments over five years, i.e., 42.2% of total investments worldwide;
- 40% of Sanofi R&D expenses worldwide; and
- The leading private academic research partner in the life sciences (AVIESAN).

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 48 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 2013, Sanofi Développement's initiatives focused primarily on seven geographical areas of France impacted by job cuts in corporate functions and research and development.

Sanofi Développement was active in the following areas: Hérault, Tarn-et-Garonne, Loiret, Val-de-Marne, Hauts-de-Seine, Indre-et-Loire and Rhône. It implemented initiatives to provide aid for local economic development within the scope of a revitalization agreement between Sanofi-Aventis France and the French government, signed in April 2011, and a revitalization agreement between Sanofi Chimie and the French government, signed in March 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 €5 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 with fixed-term contracts.

In 2013, 27 businesses received aid for the creation of 169 jobs.

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.

In 2013, 11 projects received funding for the creation of 208 jobs.

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 2013, this support was provided to employees with projects to create a new business or acquire an existing one. Some 134 such projects were developed, 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), Sanofi provided 1,145 work-study contracts at our French sites in 2013 (professional training, apprenticeship and International Corporate Volunteer Program, or VIE, contracts).

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 our stakeholders' feedback about the Group's CSR strategy and objectives, to make necessary adjustments, and to shape a concerted vision of the CSR challenges facing Sanofi.

For example, in 2013 the Sanofi CSR Direction organized 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.

A number of Sanofi affiliates (e.g., Brazil, Egypt, the United States and Russia) and regional entities (in the intercontinental region) have launched similar initiatives to prioritize CSR challenges by taking into account local and regional realities. This allows them to identify specific challenges and develop appropriate action plans.

In France, since 2012 we have been engaged in a formalized process of stakeholder dialogue, which takes the form of a Stakeholder Panel. The purpose of the panel is also to involve stakeholders in a co-construction process geared toward producing tangible outcomes. The two meetings held in 2013 addressed the following topics: access to healthcare, ethics in R&D, local community involvement, conflicts of interest with politicians and healthcare professionals, pharmaceuticals in the environment, continuity of supplies and drug pricing policies. Workshops were also held on specific topics, such as the CSR Report.

The 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 organizations – 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 do not represent an exhaustive portrayal of the multitude of projects undertaken by Sanofi (see Section "3.1.3. *Événements marquants de l'année 2013*" 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, 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 27 million people have undergone screening for sleeping sickness and 175,000 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 and 7,210 in 2012, (data on reported new cases in 2013 is 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 will take over production 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 second year of existence on October 30, 2013 and now includes over 60 members across the globe. Within the scope of the consortium, Sanofi entered into a collaboration agreement with the Center for World Health & Medicine (CWHM) aimed at testing neutral endopeptidase inhibitors in the treatment of acute secretory diarrhea. Other collaboration projects are currently under review.

Partnerships to monitor antimalarial drug safety and emerging resistance

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 the Drugs for Neglected Diseases *initiative* (DNDⁱ) to be shared with the WWARN. These data will be added to the global database created by WWARN to monitor emerging resistance. In 2013, Sanofi entered into a similar partnership with the ACT Consortium to share data on the safety of this drug with academic teams.

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 (VxD^P) 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 on the basis of a memorandum of understanding. The partnership is expected to accelerate the development of candidate vaccines for use in developing countries, while allowing the pharmaceutical partners to develop and test new technologies that will also advance their other R&D programs.

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.

The Group encourages open dialogue to listen, to learn and to better understand patients' expectations. A spirit of

⁽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

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 as the ultimate recipient of care, we have disclosed the financial amounts given to patient associations based in Europe from 2010 onwards, and those based in Australia, Brazil, Canada, Japan and the United States since 2011 (for the complete list, see the website <http://www.sanofi.com>).

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 contribute to reducing healthcare inequalities and poverty among the world's poorest communities, in particular by combating childhood cancer and maternal and child mortality, which hinder development in numerous countries.

In 2013, the Foundation gave its support for the launch and/or development of 58 programs with 38 key partners in 41 countries. Initiatives in response to humanitarian emergencies were organized in nine countries to ensure continuous access to care for injured and displaced persons.

The Foundation also supported the launch of new projects to encourage Sanofi affiliates to develop employee involvement.

For the last two years, the Sanofi Season of Solidarity has taken place between October and December. During this annual international event, employee volunteers participate in a number of activities benefitting partner organizations (solidarity breakfasts, sales of craft products for the benefit of organizations, collections of toys and other items, recreational activities for children with health difficulties, etc.). In 2013, more than 20 countries participated in this event.

To strengthen the link between volunteers or future volunteers within the Group and partner organizations, 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 since 2006 by the Foundation in conjunction with the Union for International Cancer Control to fight childhood cancer in developing countries. The program's primary objectives are awareness and information targeting the general public, improved training for healthcare professionals, and ensuring earlier diagnosis, access to care, pain management and palliative care. Since 2006, the Foundation has allocated a budget of €6.2 million for this program. In 2013, 14 projects were ongoing in 22 countries in Asia, Africa and Latin America.

Reducing maternal and infant mortality

Reducing maternal and infant mortality is one of the priorities of the Foundation, which supports 15 programs working toward this goal 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 2013, the Foundation, in partnership with the International Confederation of Midwives launched the "A midwife for every mother and baby" call for proposals to fight maternal and neonatal mortality by increasing the number of midwives and improving their skills. A panel of experts selected six projects. The Foundation will provide support for these projects over a period of three years, during which time nearly 3,800 midwives in seven developing countries will be trained.

Responding to humanitarian emergencies

When a humanitarian disaster occurs, healthcare is one of the most vital needs. In 2013, the Group's initiatives with partner organizations and hospitals benefitted people living in nine countries: China, the countries affected by the Syrian crisis (Syria, Lebanon, Jordan and Iraq) and Indian Ocean countries (Mozambique, Comoros and Seychelles). The Foundation and the Sanofi Group also teamed up to help the victims of typhoon Haiyan, which struck the Philippines in November. The Foundation allocated an immediate budget of €100,000 to Médecins du Monde for emergency medical response actions. A call for donations was issued at all Sanofi affiliates to enable employees who so wished to participate in the Group's efforts. A total of €97,500 was collected for the emergency medical response actions of the Philippine Red Cross, and Sanofi topped up these contributions to the tune of €1 million to support the post-emergency phase.

In accordance with the Foundation's charter governing donations of medicines and vaccines, 312,000 boxes of drugs and over 538,000 doses of vaccine were donated by the Group in 2013 to allow access to medical care for 2.85 million people living in 14 countries, including 13 emerging or developing countries.

4.3.3. 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 Labor 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 implemented

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.

Rolling out over the course of 2012 and continued in 2013, the policy aims to satisfy the Group's requirements and implement a process of continuous improvement with our suppliers. The new approach 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 2013 supplier evaluation campaign, over 100 buyers received training on the platform, and over 330 suppliers were invited to participate in evaluations. 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 adopted a proactive approach by ratifying the Charter of Intercompany Relations. The Group 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, 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.

Sanofi is also a member of the SME Pact ("Pacte PME"), and thus provides support for supplier development through

innovation, within the framework of a mutually beneficial relationship.

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. It is the first national designation of its kind and is attributed for a period of three years. We received the label following an audit of our practices and a progress plan presented to the awards committee. Taking this approach one step further, Sanofi is currently rolling out an SME Program, which involves ten support measures for SMEs. For example:

- In July 2013, a "*guichet innovation*" (innovation proposal desk) was opened with the support of the SME Pact; and
- We also held a round table on the findings of the SME Pact "purchasing barometer" supplier survey focusing on four themes (innovation, contractual relations, partner relations and leverage).

In 2013, for the first time, the Group evaluated the percentage of purchases made from independent SMEs in France. Such purchases accounted for 13.3% of total spends 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 for the Group of 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 national laws with very broad coverage, 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 external reference principles of the United Nations Global Compact (Principle 10): www.unglobalcompact.org/Issues/transparencycorruption;
- The United Nations Convention against Corruption, adopted on October 31, 2003: www.unodc.org/unodc/en/treaties/CAC;
- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: www.oecd.org/fr/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 97,000 employees have received training since 2012; and
- Sanofi's anti-corruption policy, which sets out the Group's expectations regarding the prevention of and fight against corruption and 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 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 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 2013, 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 decided to 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 consumers' 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 Good Clinical Practices and Good Laboratory Practices.

In addition, at each step of product development, it is necessary to adhere to Good Manufacturing Practices, which seek 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 essential 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's 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;
- Implement a dedicated quality organization;
- Guarantee the quality of our products in development and on the market;
- Optimize 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.B.a. Safety of patients participating in clinical trials

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 worldwide. 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 97 inspections conducted in 2013 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 reports to the CEO, is in charge of the Global Quality Organization, which encompasses the various existing quality teams in R&D and Industrial Affairs as well as Merial, Genzyme and Sanofi Pasteur. This organization ensures the consistent implementation of our quality policy throughout the entire life cycle of a product 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 health-authority inspection preparedness audits 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 release;
- Each year, product quality reviews are conducted for each product on the market in order to assess the validity of the manufacturing process 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 directly to the CEO. The GPE is our center of medical and clinical expertise for 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, commercialization). The portfolio overseen by the GPE includes all products from Sanofi's different entities, with the exception of Merial.

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, as well as 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, for which the Supply Chain Division is directly responsible:

- 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 may be subject to counterfeiting and all countries may be affected by this increasingly common phenomenon.

The Group has instigated 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. In 2013, more than 5,000 products were recorded by the LCAC in order to detect 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.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 (EFPIA), the United States (PhRMA) and worldwide (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: the principles of good practices governing communications on medicinal and healthcare products through promotional documents and materials, items that can be

considered gifts, the provision of items of medical use, 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 with for services.

To uphold ethical principles in our marketing practices, we are 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 our 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.

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 Labor 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, 84 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 guide and its development contribute to the duty of due diligence set forth in the United Nations Guiding Principles, and are in line with Sanofi's commitments under the Global Compact.

The Group also participates in inter-company initiatives and working groups on human rights within in 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, administrative headquarters);
- At the end of 2013, 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 and transfers of activity) between 2012 and 2013 were analyzed according to predefined rules in order to assess Group performance on a scope that is comparable from one period to the next.

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 2013, Convergence (Sanofi's global HR data platform) covers almost all of Sanofi's workforce. The platform was launched in 2011 to facilitate personnel management and process implementation, and provide managers and employees with access to a wide array of HR information and tools. In 2013, quality controls of Convergence data were bolstered at the global level and within Group entities;
- Safety data: The MSRS system was used to collect and consolidate safety data for Sanofi's entire scope in 2013; and
- Environmental data: The GREEN tool was used to consolidate all 2013 Sanofi data contained in the report. These tools and guidelines are updated and improved on a regular basis. In particular, the Group carried out a hard close in 2013, leading to minimum estimations of data for the last month, either by prorating data for the year or by applying 2012 data values, depending on the indicators.

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

Lost time occupational injury frequency rate

The frequency rate of lost time occupational 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

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 2013 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 were 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 that 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 on the basis of real data when electricity supply contracts call for a specific proportion of renewable energy, and, in other cases, on the basis of U.S. Energy Information Administration data on the source of electricity in each country where the Group operates.

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 month. 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

New hires refer to employees hired from outside the Group and do not include movements within the Group, such as international, inter-company or inter-site transfers.

Departures refer to employees who leave the Group; they do not include movements within the Group, such as international, inter-company or inter-site transfers.

For 2013, we applied a specific methodology to exclude all intra-Group movements. Moreover, we took steps to enhance the reliability of movement-related data from Convergence. Data on movements (new hires and departures) cover more than 97% of the scope of reporting, and do not include companies that were consolidated or acquired during the year.

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

Percentage of women in global key positions and definition of "managers"

Data relating to global key positions (positions of high responsibility considered to be essential to Sanofi's strategic objectives) were obtained using Convergence. It should be noted that global key positions are also tracked in eTalent, Sanofi's global talent management system.

"Managers" are individuals whose duties involve supervising direct subordinates.

Lowest average wages

In 2013, 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 diversity 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.

Hours of training

Due to the Group's decentralized approach to training, hours of training could not be consolidated at the global level in 2013. However, hours of training are published for France, which accounts for 25% of the Sanofi workforce. We are currently putting in place a reporting system that will enable us, in the medium term, to report annual global consolidated spending on training.

In France, quantitative training data (number of hours of training and number of employees who received training in 2013), 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.

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 2" decree of April 24, 2012 and the French Ministerial order of May 13, 2013 on the verification of CSR data, Sanofi has designated its statutory auditors as the independent third party responsible for verifying the disclosure and fair presentation of its CSR information. The statutory auditors' 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 auditors, as well as their comments and conclusions.

4.5. REPORT OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTIES, ON THE CONSOLIDATED CORPORATE SOCIAL RESPONSIBILITY INFORMATION PROVIDED IN THE MANAGEMENT REPORT

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended December 31, 2013

To the Shareholders of Sanofi:

In our capacity as Sanofi's statutory auditors, appointed as independent third parties, we, Ernst & Young et Autres, with COFRAC⁽¹⁾ accreditation number 3-1050, and PricewaterhouseCoopers Audit, whose application for accreditation has been accepted by COFRAC, hereby report

to you on the consolidated environmental, labour and social information for the financial year ended December 31, 2013, presented in the Corporate Social Responsibility Chapter of the *Rapport de Gestion* (Management Report), hereinafter the "CSR Information," in accordance with Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*).

Responsibility of the company

The Board of Directors is responsible for preparing a *Rapport de Gestion* including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the procedures used by Sanofi (hereinafter the "Guidelines"), 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 texts, the French code of ethics governing the audit profession and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the code of ethics, professional auditing standards and applicable legal and regulatory texts.

⁽¹⁾ Scope of accreditation available on the website www.cofrac.fr.

Responsibility of the statutory auditors

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of 14 people between September 16, 2013 and March 5, 2014 and took around 25 weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed our work in accordance with the professional auditing standards applicable in France, with the decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement.

1 / Statement of completeness of CSR Information

- We conducted interviews with the relevant heads of department to familiarise ourselves with sustainable development policy, according to the impact of Sanofi's activity on labour and the environment, of its social commitments and any action or programmes related thereto;
- We compared the CSR Information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code; and
- For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We ensured that the CSR Information covers the scope of consolidation, i.e., Sanofi, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the Methodological Note section of the *Rapport de Gestion*, including in particular a document presenting hours of training limited to the scope of France (25% of the workforce).

Based on this work and given the limitations mentioned above, particularly with regard to hours of training, we attest to the completeness of the required CSR Information in the *Rapport de Gestion*.

2/ Reasoned Opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted around 30 interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary; and
- verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent; and familiarise ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of CSR Information in the light of the nature of Sanofi, the social and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important ⁽²⁾:

- at the level of consolidating entity, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the *Rapport de Gestion*;
- at the level of a representative sample of sites and entities selected by us ⁽³⁾ by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are

⁽²⁾ The most important CSR information is listed in an appendix to this *Rapport de Gestion*.

⁽³⁾ For social data, we selected a sample of administrative management entities in three countries (France, the United States and China). For environmental data, we selected a sample of seven industrial and research sites: Swiftwater IO (United States), Brindisi (Italy*), Frankfurt Chemistry and Frankfurt Biotech (Germany), and Vertolaye, Val de Reuil and Marcy IO (France). For the lost time injury frequency rate, in addition to these seven sites, we selected a sample of medical representative entities in four countries (China, the United States, Mexico and India).

* oversight corrected in the present version of the report.

followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents on average:

- 19% of hours worked and 27% of occupational injuries with lost time for the indicator lost time injury frequency rate;
- between 43% and 100% for the other quantitative social data tested; and
- between 21% and 43% of the quantitative environmental data tested.

For other consolidated CSR information, we assessed their consistency based on our understanding of Sanofi.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allows us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Because of the use of sampling techniques and other limitations

intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Observation

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

- 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 all sites.

Neuilly-sur-Seine and Paris-La Défense (France), March 6, 2014

Statutory Auditor | | Statutory Auditor

Ernst & Young et Autres

Nicolas Pfeuty

CSR Expert

Eric Duvaud

PricewaterhouseCoopers Audit

Xavier Cauchois

CSR Expert

Thierry Raes

Appendix – List of the CSR information that we considered the most important

Quantitative social information

- Employees under contract
- Total new hires and departures
- Absenteeism in France
- Comparison of the lowest average wages at Sanofi with the legal minimum wage
- Lost time injury frequency rate worldwide (Sanofi and subcontractors)
- Number of hours of training in France
- Percentage of women in global key positions
- Number of employees with disabilities

Qualitative social information

- Organization of social dialogue

- Training policies implemented
- Anti-discrimination policy
- Conditions of health and safety in the workplace

Quantitative environmental information

- Air emissions (VOCs, SO_x and NO_x)
- Wastewater discharge (COD)
- Total volumes 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 trial inspections conducted by the health authorities

- Other actions carried out to promote human rights.*

* oversight corrected in the present version of the report.