

SANOFI'S CSR MATERIALITY, STRATEGY & GOVERNANCE

GRI Standards :

- 102-40: List of stakeholder groups
- 102-44: Key topics and concerns raised
- 102-46: Defining reporting content and topic boundaries
- 102-47: List of material topics

EXECUTIVE SUMMARY

Materiality refers to what can have a significant impact on a company, its activities and its ability to create financial and non-financial value for itself and its stakeholders. The materiality matrix is therefore a tool that makes it possible to identify and prioritize a company's Corporate Social Responsibility (CSR) issues. Each issue is prioritized from the point of view of the company's business and its stakeholders.

Our materiality assessment has been performed through a formalized stakeholders' engagement process, starting in 2010 and has been regularly updated since then.

In 2020, the materiality matrix incorporates the outcome of the risk analysis conducted for the implementation of the Statement of Extra-financial Performance (SEFP) which is the transposition into French law of the European Directive on extra-financial information.

Our CSR strategy is the outcome of our materiality analysis, the ongoing stakeholder engagement and the permanent dialogue with Sanofi executives and representatives from business and support functions. Embedded in Sanofi's long-term strategy, the company's commitment is based on four essential pillars in which Sanofi is uniquely positioned to make a difference:

- access to medicines,
- support for vulnerable communities,
- preservation of the environment,
- and inclusion and diversity of its employees.

Our Corporate Social Responsibility strategy meets high standards of ethics and transparency.

Since March 2019, the Appointments and Governance Committee of the Board has become the Appointments, Governance and CSR Committee. This Committee ensures that CSR issues are given due consideration in developing and implementing our corporate strategy.

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1. CSR MATERIALITY

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

A materiality analysis helps rank the most important issues and is a key driver to design the CSR strategy. It is informed by the analysis of general, healthcare, social and environmental trends and expectations from the civil society and stakeholders. Our materiality assessments have been performed through a formalized stakeholders' engagement process, starting in 2010, enriched in 2013 with over 100 internal and external stakeholders, and focused on environmental topics in 2015. In 2016 and 2017, Sanofi organized a stakeholder panel, gathering over 40 external stakeholders from around the world, to bring their insights in the update of the CSR roadmap.

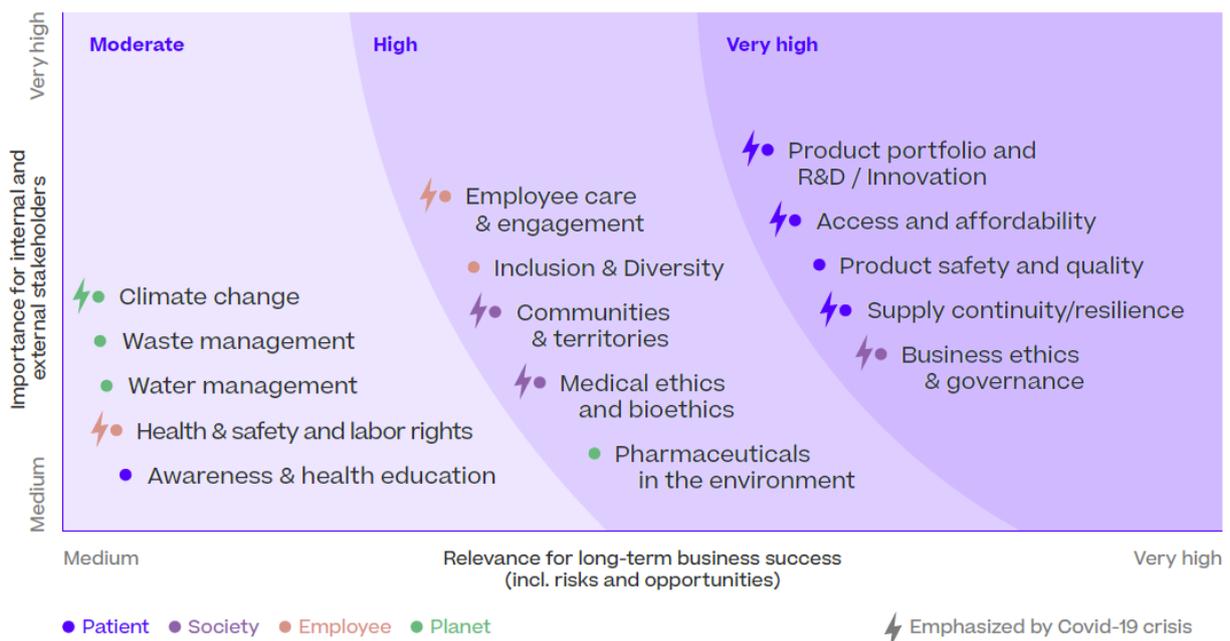
In 2018 and 2019, we conducted materiality refresh to update our list of material topics.

As part of our CSR strategy refresh in 2020, we undertook a thorough materiality refresh. This updated list of material topics serves as the basis for the implementation of the GRI Standards.

As a result a list of 15 material topics, including extra financial risks, was established.

They are presented below ranked by relative importance (or materiality).

Materiality matrix of impact to help prioritize opportunities¹



¹ Built by integrating elements from belief audits, ESG rankings, investor priorities, employee survey, regulatory focus, peers materiality matrix.

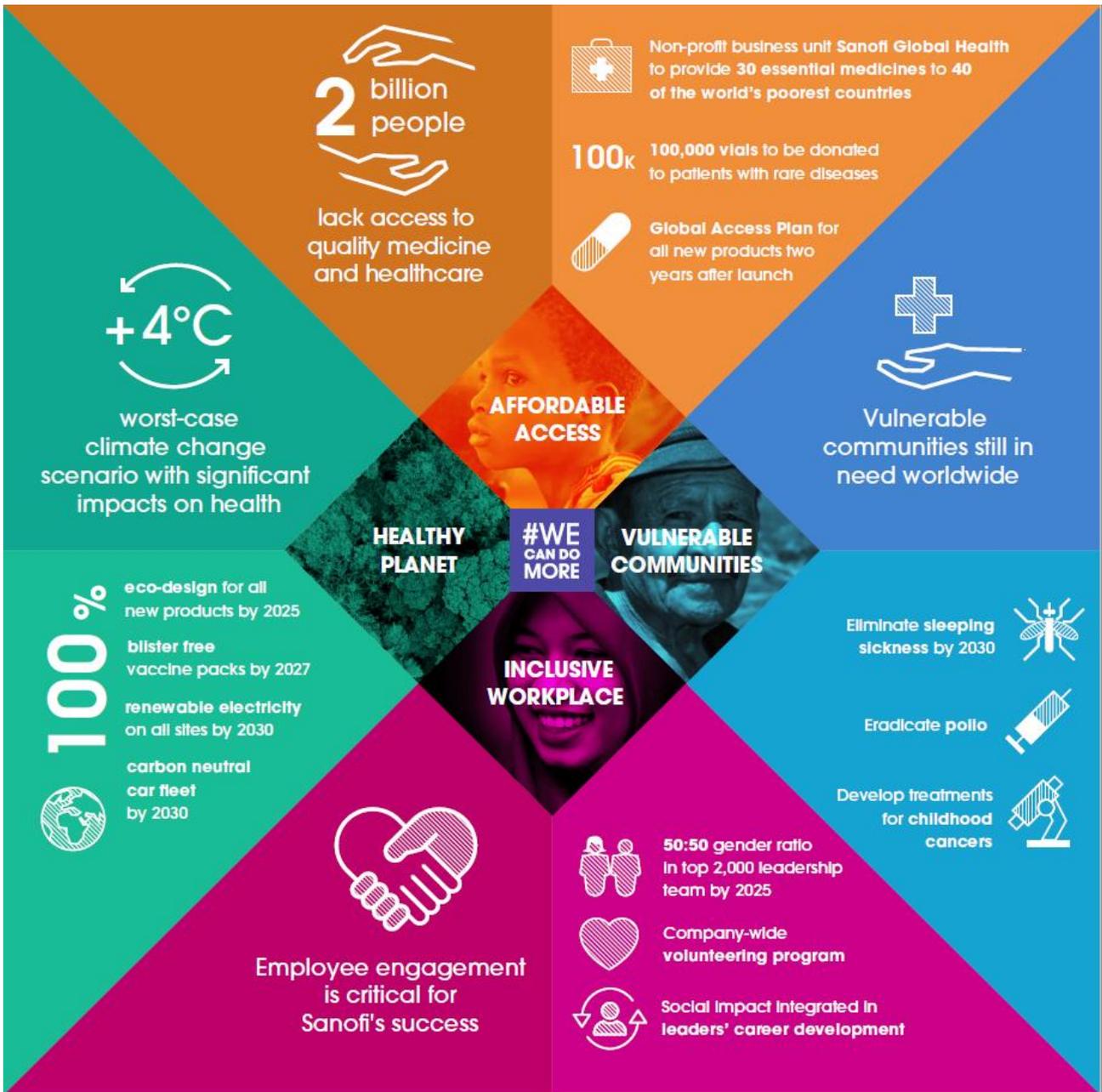
2. CSR STRATEGY

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

This collaborative approach helped us highlight key material topics related to our CSR pillars in order to adapt our CSR strategy to business and societal challenges. Our CSR strategy confirms our commitment to contributing to major CSR challenges our world faces. This pandemic context led us to elevate our ambition for our Corporate Social Responsibility strategy and embed it into our mission to transform lives and our vision for a better future. This strategic revision led us to work on three core questions:

- How can we have the greatest positive impact?
- Where are we uniquely positioned to make a difference that can be scaled and sustained over time?
- How can we embed our commitments into our long-term business strategy?

The ambitions of this new strategy have been fully aligned to and embedded in our Play to Win strategy.



3. CSR GOVERNANCE

The Sanofi Board of Directors has a commitment to promote long-term value creation while taking account of the social and environmental impacts of our operations. An annual review of the CSR strategy and performance is performed by the Board: at least once a year.

In 2020, the new strategy was presented to the Board in October 2020.

The **Appointments, Governance and CSR Committee of the Board** ensures that CSR issues are given due consideration in developing and implementing our corporate strategy. In particular, the Committee ensures that our commitments and policy orientations are consistent with what our stakeholders expect from us.

The Head of CSR reports to the Head of Corporate Affairs who reports to the CEO.

The compensation policy of our Chief Executive Officer is designed to motivate and reward performance, and to ensure that a significant portion of his compensation is contingent on the attainment of financial, operational and social criteria aligned with the corporate interest and creating shareholder value. In 2020, **a dedicated individual CSR performance criterion represents 15% of the annual variable compensation package.**

3.1. Risk management

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

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

The European Directive on Extra-Financial Reporting applicable since 2018 has reinforced the overlook of the Board on CSR risks, and the list of Sanofi's extra-financial risks has been approved by the Sanofi Risk Committee every year since.

3.2. CSR involvement in Internal Committees

CSR is also involved in Internal Committees: the Bioethics Committee (BEC), the Planet Mobilization Committee (definition of the environmental strategic roadmap, and its monitoring), the Sanofi Espoir Foundation Board, the Sanofi Cares North America Board, and the Enfants de Sanofi Association Board.