



## INFORMATION RELATING TO THE COMPENSATION POLICY FOR PAUL HUDSON

Paris, June 7, 2019

In accordance with the recommendations of the AFEP-MEDEF corporate governance code, Sanofi hereby provides information relating to the conditions for the appointment of Paul Hudson as Sanofi's Chief Executive Officer.

At its meeting of June 6, 2019, Sanofi's Board of Directors decided to appoint Paul Hudson as Chief Executive Officer effective September 1, 2019.

Acting on a recommendation from the Compensation Committee, the Board approved the financial terms relating to this appointment, which are summarized below.

– **Award of phantom stock units**

To replace a portion of the equity compensation he forfeited upon leaving his previous employer, Mr. Hudson will receive an award of 50,000 phantom stock units, subject to performance and continued employment conditions assessed for half of the award as of December 31, 2020 in respect of one year of service and for the remainder as of December 31, 2021 in respect of two years of service.

– **Annual fixed and variable compensation**

Mr. Hudson's annual compensation will consist of the following items:

- Gross annual fixed compensation of €1,300,000;
- Variable compensation equal to 150% of his annual fixed compensation if the performance targets are met and capped at 250% of his annual fixed remuneration if these targets are exceeded;

These targets, which are both quantitative and qualitative, will be determined at the start of each fiscal year by the Board of Directors, acting on a recommendation from the Compensation Committee.

– **Equity compensation plan**

Mr. Hudson will be eligible to participate in the equity compensation plan, which will involve an award of performance shares each year, granted under the following conditions:

- The number of shares in each year’s award will be decided by the Board of Directors. For the first such award, Mr. Hudson will be eligible to receive 75,000 performance shares, subject to approval by the Annual General Meeting in 2020;
- Performance shares will vest at the end of a three-year period following the grant of the award, subject to performance and continued employment conditions assessed over this same period;
- Mr. Hudson will be covered by Sanofi’s prohibition on speculative trading and risk hedging.

– **Supplementary pension plan**

Mr. Hudson will be eligible for the supplementary pension plan applicable within the Sanofi Group.

– **Severance package**

A severance package equivalent to two years of his total compensation will also be granted to Mr. Hudson in the event of an involuntary departure (except in the event of a dismissal due to serious misconduct or gross negligence). This payment will be subject to performance conditions set by the Board of Directors and will be put to a vote at the Annual General Meeting.

In the event of his departure, Mr. Hudson will be subject to a 12-month non-compete obligation, in consideration of which he will receive a payment equivalent to one year of his total compensation as of the departure date, it being understood that the Board of Directors reserves the right to waive the enforcement of this obligation.

The cumulative amount of these two payments may not in any case exceed the equivalent of two years of his total compensation.

– **Benefits in kind**

In addition, Mr. Hudson will be eligible to receive the customary benefits in kind (company car with driver, supplemental health, personal risk and disability insurance, directors and officers liability insurance) as well as benefits under Sanofi’s policy to promote mobility for its executives (reimbursement of moving expenses and of some advisory fees).