



COMPENSATION OF THE CHAIRMAN AND THE CEO

In accordance with the recommendations of the AFEP-MEDEF corporate governance code, Sanofi is publishing below details of the compensation arrangements for its Chairman and its Chief Executive Officer as approved by the Board of Directors at its meeting of March 3, 2021, acting on recommendation from the Compensation Committee.

I – Compensation arrangements for the Chairman of the Board of Directors

A. Compensation in respect of 2020

On March 3, 2020, the Board of Directors, after noting that the Chairman's of the Board compensation had remained unchanged since the beginning of his term in 2010, decided to set Serge Weinberg's annual fixed compensation at €800,000 for the 2020 financial year.

In line with our compensation policy for the Chairman of the Board, as approved by our shareholders at the Annual General Meeting of April 28, 2020, he did not receive any variable compensation and was not awarded any stock options or performance shares. Nor did he receive any attendance fees in his capacity as a Director. The amount reported for benefits in kind relates mainly to a company car with a chauffeur. Serge Weinberg is not covered by the Sanofi top-up defined-benefit pension plan.

B. Compensation in respect of 2021

On March 3, 2020, acting on recommendation from the Compensation Committee, the Board of Directors maintained his annual fixed compensation at €800,000 for the 2021 financial year.

He will not receive any variable compensation, stock options or performance shares. Nor will he receive any attendance fees. He does not receive any attendance fees in his capacity as a Director, nor does he receive any compensation from a company included in Sanofi's scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.



II – Compensation arrangements for the Chief Executive Officer

A. Compensation in respect of 2020

Fixed and variable compensation

In line with our compensation policy for the Chief Executive Officer, as approved by our shareholders at the Annual General Meeting of April 28, 2020 Paul Hudson's annual compensation for 2020 comprised (i) fixed annual gross compensation of €1,300,000 (unchanged since he took office) and (ii) variable annual compensation in a range from 0% to 250% of his fixed annual compensation, with a target of 150%, and subject to both quantitative and qualitative criteria. These objectives were 40% based on financial indicators, and 60% based on specific individual objectives (see the table below).

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 3, 2021 reviewed the attainment of each criterion and sub-criterion and set Paul Hudson's variable compensation for 2020 at €2,213,250, equivalent to 170.3% of his fixed compensation. Payment of his variable compensation in respect of the 2020 financial year is contingent on approval of his compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

The Board's conclusions are summarized in the table below:

| Criterion | Type | Weight | Target/ Maximum (as % of fixed compensation) | Attainment rate | Comments | Payout (as % of fixed compensation) |
|--|--------------|-------------|---|--------------------|--|---|
| Sales growth | Quantitative | 10% | 15% / 25% | 92.4% | Confidential target, performance below budget | 13.9% |
| Business net income ^(a) | Quantitative | 10% | 15% / 25% | 106.3% | Confidential target, performance above budget | 15.9% |
| Financial objectives (40%) | | | | | | |
| Free cash flow | Quantitative | 10% | 15% / 25% | 135% | Confidential target, performance well above budget | 20.3% |
| Business operating income margin | Quantitative | 10% | 15% / 25% | 113.4% | Confidential target, performance above budget | 17% |
| Individual objectives (60%) | | | | | | |
| Growth in new key assets | Quantitative | 10% | 15% / 25% | 105.5% | Sales above budget for Dupixent [®] , in line with budget for Vaccines and China | 15.8% |
| Business transformation | Qualitative | 15% | 22.5% / 37.5% | 115% | Transformation under way in CHC, Industrial Affairs (especially EuroApi spin-out and launch of Evolutive Vaccine Facility) and Digital | 25.9% |
| Organization and people | Quantitative | 10% | 15% / 25% | 120% | Executive Committee streamlined and refreshed; evaluation of 50 critical posts and development plan for 100 top talents; realignment of compensation on priorities | 18% |
| Pipeline | Quantitative | 10% | 15% / 25% | 140% | Pipeline additions ahead of forecast; advances on six priority assets in line with plan; productivity gains ahead of objectives. | 21% |
| CSR | Qualitative | 15% | 22.5% / 37.5% | 100% | Definition of a more ambitious CSR strategy | 22.5% |
| Total | | 100% | 150%/ 250% | | | 170.3% |

The benefits in kind received by Paul Hudson in 2020, which amounted to 168,842 euros, correspond to accommodation costs for his installation period until August 2020.

Equity-based compensation

In line with our compensation policy for the Chief Executive Officer, the Board of Directors meeting of April 28, 2020 decided to award Paul Hudson 75,000 performance shares in respect of the 2020 financial year. The valuation of this award, as of April 28, 2020, was equivalent to 4.39 times his fixed compensation. In compliance with the AFEPMEDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net



income and return on assets (ROA), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies.

Phantom Stock Units

Having waived all equity-based compensation not yet vested on leaving his previous employer, Paul Hudson was awarded on joining Sanofi a medium-term incentive plan under which he can be paid a cash bonus subject to continuous presence and performance conditions. Under the terms of the plan, which compensates for around 50% of the incentive plans that Paul Hudson has waived, he is awarded phantom stock units, vesting of which is contingent on (i) his continuous presence and (ii) attainment of performance conditions, with the attainment level of those conditions to be determined for half of the award, i.e. 25,000 phantom stock units, as of March 30, 2021 (the "First Tranche") and for the other half of the award, i.e. 25,000 phantom stock units, as of March 30, 2022 (the "Second Tranche").

The Board meeting of March 3, 2021 formally noted the attainment level of the performance conditions of the First Tranche Phantom Stock Units. Paul Hudson was awarded 25,000 Phantom Stock Units in respect of 2020. The amount of the cash bonus due in this respect will correspond to the total number of Phantom Stock Units multiplied by the value of the Sanofi share with reference to the average opening price of the Sanofi share on Euronext Paris during the 20 trading days preceding March 31, 2021 (vesting date). This amount will be disclosed on the Company's website in the Investors/Corporate Governance/Compensations sections. For information purposes, based on the opening price of Sanofi shares on Euronext Paris during the 20 trading days preceding March 3, 2021, the date of the Board of Directors' meeting that approved the compensation of the Chief Executive Officer, the bonus was valued at 1,951,000 euros.

Payment of the bonus is contingent on Paul Hudson remaining in post as of March 30, 2021 and is subject to approval by the Ordinary General Meeting and on the approval of the Chief Executive Officer's compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

Pension arrangements

Paul Hudson is entitled to benefits under the top-up defined-contribution pension plan introduced within Sanofi on January 1, 2020. Under the terms of the plan, the Chief Executive Officer receives (subject to attainment of a performance condition) an annual contribution of up to 25% of his reference compensation (annual fixed and variable compensation).

The performance condition for the vesting of pension rights is linked to the attainment of the performance criteria for 2020 variable compensation. The Board of Directors, at its meeting of March 3, 2021, ascertained whether that performance condition had been met, noting that the attainment level for the variable portion of Paul Hudson's compensation for the 2020 financial year was 113.5%, i.e. 170.3% of his fixed compensation.



The annual gross contribution is paid as follows:

- 50% as a gross insurance premium to the fund manager - the amount due to the fund manager with respect to 2020 is €439,156.25; and
- 50% to the Chief Executive Officer, to indemnify him for the social security and tax charges for which he will become immediately liable. The amount due to Paul Hudson with respect to 2020 was set by the Board of Directors at its meeting of March 3, 2021 at €439,156.25.

Payment of those amounts is contingent on approval of the Chief Executive Officer's compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

Social welfare and health insurance

Paul Hudson is subject to, benefits from and contributes to the same health cover, and death and disability plans as are applicable to other employees of Sanofi based in France. He also benefits from an unemployment insurance scheme.

B. Compensation in respect of 2021

In line with our compensation policy for the Chief Executive Officer, Paul Hudson's annual compensation for 2021 comprises (i) fixed annual gross compensation of €1,300,000 (unchanged compared to 2020) and (ii) variable annual compensation in a range from 0% to 250% of his fixed annual compensation, with a target of 150%, and subject to both quantitative and qualitative criteria. These objectives were 50% based on financial indicators (sales growth, business net income, free cash flow, business operating income margin and growth in new key assets, each counting for 10%) and 50% based on specific individual objectives. These individual objectives comprise:

- Business transformation (15%);
- Organisation & People (7.5%);
- Pipeline (12.5%); and
- CSR (15%).

Equity-based compensation

Acting on recommendation from the Compensation Committee, the Board of Directors meeting of March 3, 2021 decided to award Paul Hudson 75,000 performance shares in respect of the 2020 financial year. In compliance with the AFEP-MEDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net income and return on assets (ROA), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies, namely Amgen, AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly and Company Inc., Johnson & Johnson Inc., GlaxoSmithKline plc, Merck Inc., Novartis AG, Novo Nordisk, Pfizer Inc. et Roche Holding Ltd.



The Company will provide its shareholders with details of the terms and conditions of the plan on the governance page of its website (www.sanofi.com) in advance of the Annual General Meeting on April 30, 2021.

Phantom Stock Units

The vesting date of the Phantom Stock Units corresponding to the Second Tranche of the plan of which Paul Hudson is a beneficiary (see above) is set at March 30, 2022. The Board of Directors meeting in March 2022 will review the attainment rate of the performance objectives for 2021 and will determine the number of Phantom Stock Units that may be granted to Paul Hudson.

Social welfare and health insurance

Paul Hudson is subject to, benefits from and contributes to the same health cover, and death and disability plans as are applicable to other employees of Sanofi based in France. He also benefits from an unemployment insurance scheme.

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For more details on the compensation of our directors and corporate officers, refer to our 2020 Annual Report on Form 20-F, a copy of which is available on our corporate website at www.sanofi.com.

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