



## **CLARIFICATIONS ON THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER**

### **Derogation to the compensation policy**

As a reminder, when the board of directors provides for the possibility to derogate from the approved remuneration policy in accordance with the second paragraph of III of article L. 225-37-2 of the French Commercial Code, the remuneration policy must describe the procedural conditions under which this derogation may occur and the elements of policy from which it may be derogated.

In accordance with these provisions, it is specified in the compensation policy that after consulting the Compensation Committee and as the case may be the other Board Committees, the Board of Directors may temporarily derogate from the approved compensation policy in exceptional circumstances and to the extent that the changes comply with the corporate interest and are necessary to safeguard the continuity or viability of Sanofi.

Sanofi wishes to clarify that this option for the Board of directors to deviate from the approved compensation policy shall only apply to the performance conditions of the CEO's compensation and that the exceptional circumstances referred to above would be the modification of the group's perimeter or major events affecting the markets. The derogation would only be temporary pending the approval of the modified compensation policy by the next general meeting.

### **Pension scheme**

Following the publication of the order dated July 4, 2019 in furtherance to the French PACTE law, Sanofi could not allow its current CEO to benefit from its top-up defined-benefit pension plan, which was closed on December 31, 2019. Based on the Company policy to stop all defined-benefit pension plans, the only alternatives for Sanofi were to offer the CEO either cash, LTI or a defined-contribution pension plan. The selected defined-contribution pension plan (Article 82 CGI), which applies to all Sanofi's senior executives within a specific grade scale, appeared to be the best option for both the CEO and the Company.

This new pension scheme will lead to a reduction in the amount of the CEO's pension rights by around 30% but it will guaranty an immediate vesting of said rights. The amount of the annual costs (including taxes) incurred by Sanofi for all the beneficiaries under the new plan is reduced by around 30% compared to the previous plan.

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