

sanofi



Governance

*Serge Weinberg*

Chairman of the Board of  
Directors



# Current membership of the Board of Directors



*Serge  
Weinberg*

Chairman of the  
Board,  
Independent  
Director



*Paul  
Hudson*

CEO, Director



*Christophe  
Babule*

Director



*Rachel  
Duan*

Independent  
Director



*Lise  
Kingo*

Independent  
Director



*Patrick  
Kron*

Independent  
Director



*Wolfgang  
Laux*

Director  
representing  
employees



*Barbara  
Lavernos*

Director



*Fabienne  
Lecorvaisier*

Independent  
Director



*Gilles  
Schnepf*

Independent  
Director



*Diane  
Souza*

Independent  
Director



*Thomas  
Südhof*

Independent  
Director



*Yann  
Tran*

Director  
representing  
employees

# Directors movements



*Carole Ferrand*

Independent Director

*French nationality,  
51 years old*

In-depth knowledge of finance,  
accounting and management of  
international groups.



*Emile Voest*

Independent Director

*Dutch nationality,  
60 years old*

In-depth knowledge of scientific  
matters.



*Antoine Yver*

Independent Director

*French, American and Swiss nationality, 63  
years old*

In-depth knowledge of scientific matters,  
healthcare/pharmaceutical industry  
experience, international experience.

# Directors put forward for renewal – Board of Directors



*Paul  
Hudson*

CEO, Director



*Christophe  
Babule*

Director



*Patrick  
Kron*

Independent  
Director



*Gilles  
Schnepf*

Independent  
Director

# An independent, experienced and diversified Board of Directors

## Post 2022 AGM, 16 directors

- Widely independent (10 out of 13<sup>(1)</sup>) and gender sensitive (54%<sup>(2)</sup>)
- International (7 non-French directors, i.e. 54%)
- 2 directors representing employees

## Continued implementation of its roadmap with a controlled and progressive renewal:

- Increasing scientific skills, especially in oncology
- Maintenance of key skills, particularly in accounting and finance
- Strengthening knowledge in the field of CSR

> Renewal of the terms of Paul Hudson, Christophe Babule, Patrick Kron and Gilles Schnepf  
> Appointment of Carole Ferrand, Emile Voest and Antoine Yver

# A dedicated and active Board of Directors

## A sustained level of activity in 2021:

- 10 meetings, including 2 strategic seminars
- 2 *executive sessions*

## Activities related to:

- *Play to win* strategy
- Situation regarding the COVID-19 pandemic – progress in vaccine research
- Strategy in China
- EUROAPI project
- Monitoring of progress on CSR strategy
- Review and follow-up of acquisition projects

**Average attendance rate  
Board of Directors & Committees**

**99%**

**Board of Directors**

**98%**

**Committees**

**100%**

## A formalized evaluation for continuous improvement

# Five specialized committees (year 2021)

1

## Audit Committee



- Chaired by **Fabienne Lecorvaisier**
- 3 financial experts
- 2 out of 3 independent members
- 6 meetings in 2021
- Review of annual, half-yearly and quarterly results
- Review of the main risks that could affect the results
- Update on cyber-security
- Update on intellectual property strategy
- Update on supply chain continuity
- Update on the data protection compliance program
- Presentation on ethics and business integrity within Sanofi

**Attendance rate: 100%**

2

## Compensation Committee



- Chaired by **Patrick Kron**
- 4 out of 4 independent members
- 3 meetings in 2021
- Update on components of the compensation of corporate officers
- Review of performance criteria applicable to the compensation of the Chief Executive Officer
- Review of the compensation policy applicable to directors – discussions about compensation for meetings held by videoconference
- Review of the draft resolutions to be submitted to the Annual General Meeting
- Review of share-based compensation plans
- Update on 2021 employee share ownership plan and implementation of the Action 2022 Plan

**Attendance rate: 100%**

# Five specialized committees (year 2021) (cont'd)

## 3 Appointments, Governance and CSR Committee



- Chaired by **Serge Weinberg** until December, 2021<sup>(1)</sup>
- 4 out of 5 independent members
- 5 meetings in 2021
- Succession plan for the Chief Executive Officer and the Chairman
- Changes in the composition of the Board of Directors and its committees and changes to the Executive Committee in line with the *Play to Win* strategy
- Governance roadshow campaign arranged for the main investors in Sanofi
- Monitoring of changes in gender balance within executive bodies
- Review of the CSR policy and reflections on new orientations

**Attendance rate: 100%**

## 4 Strategy Committee



- Chaired by **Serge Weinberg**
- 2 out of 4 independent members
- 5 meetings in 2021
- Update on China
- Review of disposal and acquisition projects & business development priorities
- Realization of the *Play to win* strategy
- Partnership opportunities

**Attendance rate: 100%**



# Five specialized committees (year 2021) (cont'd)

5

## Scientific Committee



- Chaired by **Thomas Südhof**
- 2 out of 3 independent members
- 3 meetings in 2021
  
- Update on the use of digital in R&D
- Macro-molecule research
- Cell and gene therapy

**Attendance rate: 100%**

## 2 strategic seminars

- Progress on the *Play to win* strategy
- Changes to our R&D strategy
- Update on the situation in General Medicines
- Update on the strategy and growth trajectory for Vaccines
- Growth for Dupixent® and opportunities for Specialty Care, especially in oncology
- Update on the delivery of our digital strategy, and our digital ambitions
- Update on our development pipeline
- Financial roadmap

**Attendance rate: 100%**

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Compensation Policy

*Patrick Kron*

Chairman of the Compensation  
Committee



# Compensation policy for Directors

- Until 2020, a director who participated by teleconference or video-conference received compensation equivalent to half the compensation paid to a director residing in France and having participated in person.
- From the 2021 financial year, taking into account the health constraints, the implementation of adapted technical tools and the practices observed at the other issuers, the director who participates by video-conference at the request of the Company will receive a compensation equivalent to that of a director residing in France and participating in person.
- Compensation of committee chairs remains unchanged.
- **Unchanged policy for 2022**

# Compensation policy for the Chariman of the Board

- *Annual Fixed* compensation

- No compensation for his mandate as director
- No annual variable compensation
- No incentive in shares
- No compensation payable upon termination of office
- No right to a supplementary pension
- No exceptional compensation

**Unchanged policy for 2022**

# Compensation elements of Serge Weinberg in 2021

	Amounts	Comments
Fixed compensation	€800,000	The fixed compensation is €800,000, unchanged from 2020.
	€7,740	Company car
<b>Total</b>	<b>€807,740</b>	

# Compensation policy for the Chief Executive Officer

- *Annual Fixed* compensation
- *Annual Variable* compensation
- *Equity* compensation
  - Performance shares  
(The CEO cannot be granted stock options)

- No compensation for his mandate as director
- No exceptional compensation

- 
- Compensation *on leaving office*
    - Termination benefit in the event of forced departure
    - Supplementary defined contribution pension plan, subject to the fulfillment of a performance condition
    - Non-compete undertaking at the request of the Company

# Adjustments to the compensation policy for the Chief Executive Officer

- *Annual Fixed* compensation:
  - Annual fixed compensation is increased to €1,400,000 gross with effect from 2022.
- *Annual Variable* compensation:
  - Sanofi now publishes the detailed level of the individual performance linked to CSR (sub-criteria).
- *Variable Equity-based* compensation:
  - The external criterion based on Total Shareholder Return (TSR) will no longer be measured in absolute value (ranking) but in relative terms (variation from the previous ranking), except that for the Chief Executive Officer any TSR-linked payment will remain contingent on Sanofi achieving a rank greater than or equal to the median of the TSR panel.

# Compensation elements of Paul Hudson in 2021

	Amounts	Comments
Fixed compensation	€1,300,000	Annual fixed compensation (unchanged since his arrival in 2019)
Variable compensation	€2,308,800 <sup>(1)</sup>	Annual variable compensation for 2021, paid in 2022
Performance shares	€5,347,500	Paul Hudson was granted 75,000 performance shares for 2021
Indemnity for taking up duties	€2,013,534	Bonus for 2021 (2 <sup>nd</sup> Tranche of the Phantom Stock Units plan)
Supplementary pension plan	€451,000	Annual contribution up to 25% of compensation – submitted of the achievement of a performance condition
Benefits in kind	€8,998	Company car



# Variable compensation of Paul Hudson in 2021

	Criterion	Weight	Attainment level
Financial objectives (50%)	Sales growth	10%	12.6%
	Business net income	10%	12.65%
	Free Cash Flow	10%	11.71%
	BOI margin	10%	10.27%
	Growth in new key assets	10%	9.76%
Individual objectives (50%)	Business transformation	15%	18.15%
	Organization and People	7.5%	9.75%
	Pipeline	12.5%	17.25%
	CSR	15%	16.25%
		<b>100%</b>	<b>118.4%</b>

Target bonus: €1,950,000 (150% of the fixed compensation)

2021 bonus: €2,308,800 (118.4% of the target bonus)

# Compensation elements of Paul Hudson in 2022

- **Gross annual fixed compensation set at €1,400,000**
- **Variable compensation in a range between 0% and 250% of the fixed compensation, with a target of 150%, and subject to both quantitative and qualitative criteria**
  - 50% based on financial indicators:
    - Sales growth (10%), Business net income (10 %), Free cash flow (10%), BOI margin (10%) and growth in new assets (10%)
  - 50% based on specific individual objectives:
    - Business transformation (15%), Organization and people (7.5 %), pipeline (12.5 %) and CSR (15%)
- **Grant of 82,500 performance shares**
  - Contingent upon both internal (Business net income and Free cash flow) and external (based on the Total Shareholder Return) criteria compared with a panel of the world's twelve largest pharmaceutical groups
  - 3-year Vesting Period – 2022 to 2024