

# Internal Audit

**GRI Standards:**

N/A

## EXECUTIVE SUMMARY

Sanofi Internal Audit is an integrated system within Sanofi whose objective is to help the Company determine whether its governance, risk management and internal control processes, as designed and implemented by the management, are adequate and effective to ensure that the risks are appropriately identified and managed.

Sanofi Internal Audit conducts its work in accordance with the International Standards for the Professional Practice of Internal Auditing and covers all Sanofi's activities, functions and legal entities, including joint ventures. Sanofi Internal Audit is committed to alerting management to significant risks and monitoring their effective consideration.

Audit professionals maintain the highest level of audit competence and expertise in areas such as fraud, information systems and finance. Sanofi Internal Audit also seeks the assistance of recognized external professionals to supplement their skills if necessary.

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## 1. Mission

Sanofi Internal Audit's (SIA) mission is to provide the Executive Committee and the Audit Committee with independent and objective reasonable assurance, regarding the Company's ability to control its operations in line with Institute of Internal Auditors (IIA) international standards.

SIA helps Sanofi execute its strategy and achieve business objectives by assessing and improving the effectiveness of Sanofi's governance, risk management, and control processes. SIA commits to alert management on significant risks and to monitor their effective mitigation.

## 2. Scope of work

SIA's scope of work is to determine whether Sanofi's governance, risk management and internal control processes, as designed and implemented by management, are adequate and effective to ensure that:

- risks are appropriately identified and managed, using an approach that is both structured and focused on the Company's strategy, financial and operational objectives,
- projects, processes and employees' actions are relevantly and efficiently compliant with applicable internal policies, standards, and other rules, as well as laws and regulations,
- risks of fraud are diligently identified, reported and managed,
- assets are acquired economically, used efficiently, and adequately protected, and
- significant, financial, managerial, and operational information is accurate, reliable, and up to date.

SIA assesses internal control processes through a review of their design and operating effectiveness based on Sanofi's internal control framework, professional practice frameworks and industry best practices.

SIA also contributes to identify and share good internal control practices and suggests improvement initiatives for Sanofi's operational and support processes.

SIA's scope of work spans all activities, functions and legal entities within Sanofi, including joint ventures. The scope of work may also encompass Sanofi's affiliates, its suppliers, outsourced service providers, customers and partners, if the appropriate audit rights have been secured.

## 3. Authority and accountability

The Head of SIA & RM (Risk Management) reports hierarchically to the Chief Executive Officer (CEO) and functionally to the Chairwoman of the Audit Committee, to whom it has full and free access.

The Head of SIA & RM also presents periodic reports to the CEO and the Audit Committee, summarizing audit activities and audit results, as well as the status of management's actions to correct weaknesses in the Company's governance, risk management and internal control processes.

SIA is the third line of defense in a comprehensive risk management model where:

- the first line of defense is represented by operational managers, who assess and reduce risks on the processes they own; and
- the second line of defense is represented by overall risk management and compliance functions (including but not limited to: Enterprise Risk Management, Internal Control & Processes, Global Quality, Medical, Corporate Security, Health Safety & Environment, Ethics & Business integrity), who assist and monitor the first line of defense in their respective domains.

SIA is allowed permanent and unrestricted access to all documents, data, assets and personnel within the Sanofi.

All members of Sanofi have the duty to provide all information necessary to SIA, in good faith and with the objective to enable SIA to effectively complete its mission.

## 4. Responsibilities

SIA is responsible for recruiting, developing, motivating and retaining a professional audit staff with the knowledge, skills, experience, and professional certifications to meet the requirements of the Audit Charter and complete the annual Audit Plan with the highest level of quality required by professional standards.

SIA's professionals maintain the highest level of auditing proficiency and deep expertise in areas including fraud, information systems and finance. SIA will also seek assistance from recognized external professionals to supplement their skills as necessary.

SIA conducts its work in accordance with the International Standards for the Professional Practice of Internal Auditing, as published by the Institute of Internal Auditors. These standards include independence, objectivity, proficiency, and due professional care.

The Head of SIA & RM must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

## 5. Organization

In order to understand Sanofi's businesses and the regions it operates in, SIA is organized in three regional hubs located in France, United States and Singapore. It is the responsibility of the Head of SIA & RM to ensure that all three hubs operate consistently and with the same level of quality. In addition, SIA includes Information System Expertise which provides technical knowledge and support to these three regional hubs and executes targeted audit assignments. Anti-fraud expertise is embedded within each hub.

If in the course of an audit, SIA identifies an important issue that warrants urgent attention, it immediately escalates the issue to the appropriate level of executive management.

*For more information, see our [Document Center](#):*

- *Ethics & Business Integrity Factsheet*
- *Risk Management Factsheet*
- *Internal Control and Processes Factsheet*
- *Corporate Governance Factsheet*