EXECUTIVE SUMMARY

In an uncertain and complex environment, to strive for long term value creation, foster continuous improvement and innovation and protect company assets, Sanofi has set up a risk management framework, in compliance with regulations and sector best practices.

Sanofi risk management framework purpose is to: ensure accountability and competence for managing risks across the organization, ensure effective, relevant and timely exchange of information with internal and external stakeholders, support decision-making processes fully aligned with risk exposure, ensure risk owners and governing bodies are provided with all relevant information to conduct their activities, even though confidentiality regarding sensitive information must be ensured.

Sanofi risk management governance bodies are:

- Sanofi Risk Committee assisting the Executive Committee in implementing the Sanofi risk management framework and assessing its effectiveness;
- Sanofi Risk Management team coordinating, designing, maintaining and disseminating the risk management framework; and
- Risk Management network members establishing risk profiles and monitoring mitigation plans within their area of responsibility.

Sanofi risk management approach relies on a comprehensive risk assessment process that includes identification and analysis, evaluation, prioritization, treatment and exposure reduction, monitoring and reporting of risks. This methodology allows us to capture all categories of opportunities and threats closely tied to our strategy and inherent to our business.
# Risk Management Factsheet

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1. Background

In an uncertain and complex environment, to strive for long term value creation, foster continuous improvement and innovation and protect company assets, Sanofi has set up a risk management framework, in compliance with regulations and sector best practices.

Sanofi risk management framework purpose is to:

- ensure accountability and competence for managing risks across the organization;
- ensure effective, relevant and timely exchange of information with internal and external stakeholders;
- support decision-making processes fully aligned with risk exposure; and
- ensure risk owners and governing bodies are provided with all relevant information to conduct their activities, even though confidentiality regarding sensitive information must be ensured.

Risks which may impact Sanofi ability to achieve its strategy, objectives and results, must be identified, assessed, and managed in a timely, efficient and proactive manner.

2. Risk management governance

A risk management charter endorsed by the Chief Executive Officer evidences the high-level governance of risk management at Sanofi and the related roles and responsibilities at the Board of Directors and Executive Committee level.

Consistent with ISO 31000, COSO ERM standards, and Sanofi’s risk management charter, risk management policy and guidance define risk management governance and organization, as well as methodology and process to be used across all Sanofi entities.

In this perspective, the main governance bodies Sanofi relies on are:

- Sanofi Risk Committee, composed of representatives appointed by Executive Committee members;
- Sanofi Risk Management team, reporting to the Head of Sanofi Internal Audit and Risk Management;
- and
- Sanofi Risk Management network, composed of operational risk managers embedded in Global Business Units and global functions.

2.1. SANOFI RISK COMMITTEE

The Sanofi Risk Committee assists the Executive Committee in implementing the Sanofi risk management framework and assessing its effectiveness.

The Sanofi Risk Committee:

- establishes the Sanofi risk profile on an annual basis and ensures that the risks identified in this risk profile are monitored to an acceptable level;
- continuously evaluates changes to the external and internal environment and risk exposure to support decision-making processes;
- contributes to the Company’s value creation and preservation;
- reports regularly on major risks and on the monitoring status of mitigation plans to the Executive Committee and to the Audit Committee of the Board of Directors; and
- defines the principles for external communication on risks, consistent with Sanofi external disclosure requirements.
2.2. SANOFI RISK MANAGEMENT TEAM

The Sanofi Risk Management team has a role in coordinating, designing, maintaining and disseminating the risk management framework, which enables Global Business Units and global functions to identify and respond to the major risks relevant to their area of responsibility.

The Sanofi Risk Management team also supports the Risk Committee in its mission by consolidating and maintaining the Sanofi risk profile for interconnected, transversal and emerging risks that require strong coordination from the Company’s organizational leadership. It contributes to monitoring the follow up of mitigation plans with risk owners and risk leaders to allow appropriate assessment of the key risks by the Risk Committee.

This team also pilots the Risk Management network through regular meetings and dedicated training sessions to raise risk awareness, define priorities, identify synergies across existing initiatives and broadly disseminate a risk management culture.

Moreover, in close collaboration with Sanofi Internal Audit and Internal Control & Processes teams, it ensures that risk assessment and reporting activities are effective, and proposes relevant adaptations to the Risk Committee.

Besides the above-described recurrent activities, the Sanofi Risk Management team participates on a need basis to specific assignments such as:

- contributing to prepare scenarios figuring out threats and opportunities for the Company, in relation with climate transition. For more information, see our Document Center: Climate-related Financial Disclosures on Risks and Opportunities related to Climate Change (TCFD) Factsheet.
- leading a COVID-19 task force gathering representatives of the Global Business Units and global functions in order to perform regular assessment of risks for Sanofi in its geographies in relation with medical, epidemiological, social, and economical evolution of the epidemic. Among other analysis elements submitted to COVID-19 task force, Sanofi Risk Management built up macro-economic forecast for Sanofi main geographies based on various scenarios figuring out the evolution of the epidemic and the deployment of vaccination campaigns.

2.3. RISK MANAGEMENT NETWORK

Operational risk managers are appointed by the senior management of Global Business Units and global functions, and are members of the Risk Management network. They are in charge of establishing risk profiles and monitoring mitigation plans within their area of responsibility. Their role is also to contribute to updating and enriching the Sanofi risk profile and the continuous improvement of policy, guidance and tools governing risk management.

The Risk Management network is a catalyst for developing a framework and disseminating a risk management culture across the Company through dedicated workshops and specific events designed to thoroughly analyze and address specific risk areas, with the active involvement and coordinated efforts of many different stakeholders.

In order to ensure Sanofi Risk Management methodology consistency across Global Business Units and global functions, each new network member receives a comprehensive training to the tasks they are expected to complete. This training is provided by Sanofi Risk Management team based on dedicated modules.

3. Risk management approach

Our risk management approach relies on a comprehensive risk assessment process that includes identification and analysis, evaluation, prioritization, treatment and exposure reduction, monitoring and reporting of risks. This methodology allows us to capture all categories of opportunities and threats closely tied to our strategy and inherent to our business.
Top-down and bottom-up risk management approaches are combined to obtain comparable assessment and improve our ability to consolidate risk areas identified by Global Business Units and global functions. These approaches are framed by the Sanofi Risk Universe, unique repository of all categories of risks the Company may face.

At the global level, the risk response strategy is defined by the Risk Committee, endorsed by the Executive Committee and communicated to the Audit Committee of the Board of Directors.

The Risk Committee identifies risk areas requiring vigilance, for which detailed mitigation plans must be formally defined and implemented to measure efforts and improvements. The monitoring status of these mitigation plans, overseen by the risk owners, is regularly reported to Executive Committee for the top three to five risks and to Risk Committee members for other risks in vigilance.

At the operational level, the risk response strategy is fully in line with the global strategy and is validated by senior management. Operational risk committees, which have been established for example at Vaccines and Industrial Affairs, are responsible for ensuring risk ownership and monitoring action plans.

To obtain a broader and holistic view of the driving forces shaping the risk landscape (a fast-changing business environment, volatile economy, new stakeholder expectations and new technologies), our risk management approach also encompasses emerging trends (including threats and opportunities) identified by internal and external sources. For more information, see our Document Center: Emerging Risks Management Factsheet.

A dedicated risk management information system is in place and enables authorized users to manage all steps of the risk management process.

For more information, see our Reports:

2021 Universal Registration Document (in French):
- Section 3.2: Rapport de la Direction de Sanofi sur le contrôle interne relatif à l’information financière
- Section 4.3: Détail des enjeux et des risques DPEF (for the English version, see the 2021 Declaration of Extra-Financial Performance, section 4.3: Detailed description of SEFP risks and issues)

2021 Form 20-F:
- Item 3-D: Key information – Risk Factors
- Item 4-B: Information on the Company – Business overview – Insurance and Risk coverage
- Item 6-C: Directors, Senior Management and Employees – Board Practices - Audit Committee
- Item 11: Quantitative and Qualitative Disclosures about Market Risk