



## **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 4, 2020, acting on recommendation from the Compensation Committee.*

### **I – Compensation arrangements for, Serge Weinberg, Chairman of the Board of Directors**

#### **A. Compensation in respect of 2019**

For the 2019 financial year, his annual fixed compensation was maintained at €700,000.

In line with our compensation policy for the Chairman of the Board, as approved by our shareholders at the Annual General Meeting of April 30, 2019, 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 2020**

Acting on a recommendation from the Compensation Committee, the Board of Directors, at its meeting on March 4, 2020, determined the components of Serge Weinberg's compensation. Noting that Serge Weinberg's compensation had remained unchanged since he first assumed office in 2010, the Board of Directors decided to increase the amount of his annual fixed compensation to €800,000 as of the 2020 financial year.

Serge Weinberg does not receive any variable compensation, stock options or performance shares. He will not receive any compensation for serving as a director. Serge Weinberg does not receive any compensation from any 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 Paul Hudson, Chief Executive Officer**

Paul Hudson was appointed Chief Executive Officer effective September 1, 2019 by the Board of Directors meeting of June 6, 2019. Acting on a recommendation from the Compensation Committee, the Board of Directors has accepted this appointment, whose details were disclosed on June 7, 2019.

On March 4, 2020, acting on a recommendation from the Compensation Committee, the Board of Directors set the amount of his variable compensation for 2019 and has decided to grant him an equity-based plan. It has also set his compensation for 2020.



#### A. Compensation in respect of 2019

Paul Hudson's compensation for 2019 is comprised of:

- gross fixed compensation of €433,333, after apportionment of his €1,300,000 gross annual fixed compensation on a pro rata time basis over the period from September 1 through December 31, 2019; and
- variable annual compensation set at 150% of his annual fixed compensation, also apportioned on a pro rata time basis (i.e. a gross amount of €650,000); given that he was appointed towards the end of the financial year, his variable compensation for 2019 was set at the target level. It is reminded that payment of Paul Hudson's variable compensation in respect of the 2019 financial year is subject to approval of the compensation package of the Chief Executive Officer by our shareholders in an Ordinary General Meeting of next April 29, on the terms stipulated in Article L. 225-100 II of the French Commercial Code.

The benefits in kind received by Paul Hudson in 2019 were valued at €77,400, and correspond to temporary accommodation costs.

#### B. Compensation in respect of 2020

##### *Fixed and variable annual compensation*

In line with our compensation policy for the Chief Executive Officer, his annual compensation for 2020 comprises (i) a fixed annual gross compensation of €1,300,000 and (ii) a 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. Those objectives are 40% based on financial indicators (sales growth, business net income, free cash flow and BOI margin, each accounting for a quarter), and 60% based on specific individual objectives. Those individual objectives comprise:

- Growth of key new assets (10%);
- Business transformation (15%);
- Organization and people (10%);
- Pipeline (10%); and
- CSR (15%).

##### *Equity-based compensation*

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 4, 2020 proposed 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 that award will be contingent upon both internal criteria (criteria based upon business net income and free cash flow (FCF)), and external criterion (criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies, i.e. AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly



and Company Inc., Johnson & Johnson Inc., GlaxoSmithKline plc, Merck Inc., Novartis AG, Pfizer Inc. et Roche Holding Ltd., Amgen et Novo Nordisk).

In accordance with the compensation policy for the Chief Executive Officer, the award of performance shares to Paul Hudson will be subject to approval of the Chief Executive Officer's compensation package by our shareholders at the Annual General Meeting on the terms specified in Article L. 225-100 of the French Commercial Code. We will make the terms of the plan available on our corporate website ([www.sanofi.com](http://www.sanofi.com)) in advance of the Annual General Meeting, scheduled for April 28, 2020.

*Social welfare and health insurance*

Paul Hudson benefits from the same health cover, and death and disability plans, as well as the pension plans and health care plans as are applicable to other employees of Sanofi based in France for which he is subject to and contributes to. 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 2019 Annual Report on Form 20-F, a copy of which is available on our corporate website at [www.sanofi.com](http://www.sanofi.com).**

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