



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 8, 2019, acting on recommendation from the Compensation Committee.

I – Compensation arrangements for the Chairman of the Board of Directors

A. Compensation in respect of 2018

For the 2018 financial year, his annual fixed compensation was set 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 May 2, 2018, 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 2019

For the 2019 financial year, his annual fixed compensation was maintained at €700,000 (remained unchanged since his arrival in 2010).

He will not receive any variable compensation, stock options or performance shares. Nor will he receive any attendance fees.

II – Compensation arrangements for the Chief Executive Officer

A. Compensation in respect of 2018

On March 6, 2018, acting on a recommendation from the Compensation Committee, the Board of Directors set the terms of Olivier Brandicourt's compensation for the 2018 financial year. In line with our compensation policy for the Chief Executive Officer, as approved by our shareholders at the Annual General Meeting of May 2, 2018 his annual compensation for 2018 comprised (i) fixed annual gross compensation of €1,200,000 (unchanged since he took office) and (ii) 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. These objectives were 40% based on financial indicators, and 60% based on specific individual objectives:



- Financial objectives (40%):
 - Sales growth (one-third);
 - Business net income (two-thirds);

- Individual objectives (60%):
 - Business transformation (20%);
 - Pipeline of products (12%);
 - Organization and people (12%);
 - New products (10%) ; and
 - External growth (12%).

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 8, 2019 reviewed the attainment of each criterion and sub-criterion. The Board's conclusions are summarized in the table below:

	CRITERION	TYPE	WEIGHT	TARGET/ MAXIMUM (as % of fixed compensation)	ASSESSMENT	COMMENTS	WEIGHTING (as % of fixed compensation)
FINANCIAL OBJECTIVES (40%)	Sales	Quantitative	13.3%	19.95% / 33.25%	Below target	Confidential target	118.8
	Business net income ^(a)	Quantitative	26.7%	40.05% / 66.75%	Above target		163.8
	Operational transformation	Qualitative	20%	30% / 50%	On target	Updating of strategy Ongoing simplification efforts Ongoing digital transformation External evaluation of CSR programs	
	Pipeline of products	Quantitative	12%	18% / 30%	Above target	13 filings and 9 approvals 15 Phase III starts Ongoing enhancement of upstream pipeline	
INDIVIDUAL OBJECTIVES (60%)	Organization and staff relations	Qualitative	12%	18% / 30%	On target	Renewing the Executive Committee Development of key competencies Implementation of action plan following employee survey	158.55
	New products	Quantitative	10%	15% / 25%	On target	Sales of new products and preparation of launches in line with target	
	External growth	Quantitative	6%	9% / 15%	Above target	Acquisitions of Bioverativ and Ablynx Divestment of European generics business	
TOTAL			100%	150% / 250%			154.65 ^(b)

(a) For a definition, see “Item 5 – Operating and Financial Review and Prospects – Business Net Income” in the 2018 Annual Report on Form 20-F.

(b) Calculated by applying the relative weights for financial objectives (40%) and individual objectives (60%).



Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 8, 2019 set Olivier Brandicourt's variable compensation for 2018 at €1,855,800, equivalent to 154.65% of his fixed compensation. Payment of his variable compensation in respect of the 2018 financial year is contingent on approval of his compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 225-100 of the French Commercial Code.

In line with our compensation policy for the Chief Executive Officer as approved by our shareholders at the Annual General Meeting of May 2, 2018, and acting on the recommendations of the Compensation Committee, the Board of Directors meeting of May 2, 2018 decided to award Olivier Brandicourt 220,000 stock subscription options and 50,000 performance shares in respect of the 2018 financial year. Using the Black & Scholes model, the valuation of those awards, as of May 2, 2018, was equivalent to 3.5 times his fixed compensation for 2018. In compliance with the AFEPMEDDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net income and return on assets (ROA), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of ten of the leading global pharmaceutical companies.

Olivier Brandicourt is subject to, benefits from and contributes to the same health cover, and death and disability plans as are applicable to other employees of Sanofi based in France.

Olivier Brandicourt is covered by the Sanofi top-up defined-benefit pension plan, which falls within the scope of Article L. 137-11 of the French Social Security Code. At a meeting on March 8, 2019, our Board of Directors ascertained whether the performance condition to the vesting of new contingent rights had been met. The Board noted that 103.1% of his contingent top-up pension rights vest, corresponding to an uplift of 1.55% (capped at 1.50%) in the annual reference compensation used to calculate the annuity payable under the plan. Taking into account the award of a deemed ten years of service, he has therefore accumulated 13.75 years of service as of December 31, 2018. His reference compensation being limited to 60 times the French social security ceiling (i.e. €2,383,920 in 2018, based on a ceiling of €39,732), the theoretical maximum of his top-up pension is currently 20.615% of that amount, i.e. €491,445.

Olivier Brandicourt received a benefit in kind in 2018 representing social contribution payments of €322 made by Sanofi on his behalf.

B. Compensation in respect of 2019

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 8, 2019 decided to maintain Olivier Brandicourt's fixed annual compensation for 2019 at the same level (€1,200,000), and also to retain the same variable annual compensation structure whereby 40% is based on financial indicators and 60% on specific individual objectives:



- Financial objectives (40%):
 - Sales growth (one-third);
 - Business net income (two-thirds);
- Individual objectives (60%):
 - Business transformation (15%);
 - Pipeline (12.5%);
 - New products launches (10%);
 - Organisation & People (10%);
 - Business development – External growth (7.5%);
 - CSR (5%).

For 2019, the variable compensation of Olivier Brandicourt will remain in a range between 0% and 250% of his fixed compensation, with a target of 150%.

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 8, 2019 proposed to award Olivier Brandicourt 220,000 stock subscription options and 50,000 performance shares in respect of the 2019 financial year. The entire amount of these awards is contingent upon both internal criteria based upon business net income and free cash flow (FCF), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of ten of the leading global pharmaceutical companies. The award of these stock subscription options and performance shares to Olivier Brandicourt in respect of the 2019 financial year is contingent on approval of his compensation package by the shareholders at the Ordinary General Meeting, on the terms stipulated in Article L. 225-100 of the French Commercial Code.

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For more details on the compensation of our directors and corporate officers, refer to our 2018 Annual Report on Form 20-F, a copy of which is available on our corporate website at www.sanofi.com.

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