



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 February 22, 2023, acting on recommendation from the Compensation Committee.

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

A. Compensation in respect of 2022

For the 2022 financial year, the Board of Directors of February 22, 2022, had decided to maintain Serge Weinberg's annual fixed compensation at €800,000.

In line with the compensation policy approved by the shareholders at the Annual General Meeting of May 3, 2022, 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 driver. Serge Weinberg is not covered by the Sanofi top-up defined-benefit pension plan.

B. Compensation in respect of 2023

On February 22, 2023, acting on recommendation from the Compensation Committee, the Board of Directors maintained his annual fixed compensation at €800,000 for the 2022 financial year.

He will not receive any variable compensation, stock options or performance shares. Nor will he receive any attendance fees. He does not receive any attendance fees in his capacity as a Director, nor does he receive any compensation from a 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 the Chief Executive Officer

A. Compensation in respect of 2022

Fixed and variable compensation

In line with our compensation policy for the Chief Executive Officer, as approved by our shareholders at the Annual General Meeting of May 3, 2022, Paul Hudson's annual compensation for 2022 comprised (i) annual fixed gross compensation of €1,400,000 and (ii) annual variable compensation in a range from 0% to 250% of his annual fixed compensation, with a target of 150%, and subject to both quantitative and qualitative criteria. These objectives were 50% based on financial indicators, and 50% based on specific individual objectives (see the table below).

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of February 22, 2023 reviewed the attainment of each criterion and sub-criterion and set Paul Hudson's variable compensation for 2022 at €2,337,300, equivalent to 166,95% of his fixed compensation. Payment of his variable compensation is contingent on approval of his compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

The Board's conclusions are summarized in the table below:

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed compensation)
Financial objectives						
Sales growth	Quantitative	10%	15% / 25%	114.25%	Confidential target, Performance above budget	17.14%
Business net income ^(a)	Quantitative	10%	15% / 25%	132.49%	Confidential target, Performance above budget	19.87%
Free cash flow	Quantitative	10%	15% / 25%	118.49%	Confidential target, Performance above budget	17.77%
Business operating income margin	Quantitative	10%	15% / 25%	102.0 %	Confidential target, Performance equal to budget	15.30%
Growth in new key assets	Quantitative	10%	15% / 25%	108.98%	Dupixent® and vaccines over budget, China under budget	16.35%

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed compensation)
Individual objectives						
Business Transformation	Quantitative/ Qualitative	15%	22.5% / 37.5%	100.50%	Specialty Care: ● Dupixent® sales: performance above target (quantitative) ● Market leadership achieved in the US for Dupixent® ● On track to achieve pre-launch awareness goal on tolebrutinib ● Strong external engagement with key stakeholders, including Key Opinion Leaders (KOLs)	22.61%
					Vaccines: ● Completion of critical activities to finalize the creation of the mRNA Center of Excellence (CoE) and advance mRNA + lipid nanoparticle (LNP) technology and pipeline across vaccines and specialty care ● Translate Bio integration completed with high retention rate of Translate Bio employees ● Prelaunch of Beyfortus® (Nirsevimab) on track with key regulatory and commercial milestones achieved	
					General Medicines: ● Drive growth of core assets almost at budget (quantitative), ● Successful launch of Rezurock® in the US ● New business models implemented in Europe, Eurasia, Africa and Indonesia in 2022 ● Portfolio simplification, reaching 122 Product Families at year end, exceeding the 2022 target	
					CHC: ● Acceleration on digital, e-commerce sales below budget (quantitative) ● Carve-in: Deployment of standalone CHC with minimal business disruption (quantitative) ● Shift in timelines for Cialis® and Tamiflu® switches due to ongoing discussions with FDA	
					Industrial Affairs: ● IA transformation executed on plan ● Dupixent® 2022 growth enabled by supply (quantitative) ● Global launches: Enjaymo® successfully approved and launched, Olipudase successfully approved and launched, Rezurock® growth, ALTUVIIIOTM (Efanesoctog alpha): US submission completed and on track to launch ● Acceleration of IA performance through Digital: 4 pilot sites successfully launched for Sanofi Manufacturing System (SMS) 2.0	

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed compensation)
					Digital: ● Contribution to BOI above budget target due to value creation (quantitative) ● Increase Health Care Provider engagement from digital: target met in all markets where digital solutions have been deployed ● Completion of all major digital, data and technology foundations (harmonized enterprise governance / single source of truth) ● Commercial deployments slightly ahead of schedule	
People & Culture	Quantitative/ Qualitative	7.5%	11.25% / 18.75%	98.00%	● Number of women recruited to positions at Level 5 and above - slightly below target (quantitative) ● Strong progress in embedding Play to Win culture (engagement score increased) (quantitative) ● Great progress in strengthening the succession pipeline for Key Value Driving Roles ● New Employee Value Proposition built and launched in line with overall rebrand initiative in Q1 ● Acceleration of the processes' simplification (above the original goal)	11.03%
CSR	Further reinforce and expand on the CSR agenda Quantitative/ Qualitative	15%	22.5% / 37.5%	110.00%	● CO₂ emissions reduced by 3.8% above target (Scopes 1&2) (quantitative) ● Leaders to citizens launched with completion of eLearning by senior leaders (quantitative) ● Successful launch of the Global Health Unit (GHU) in July 2022: Launch of non-profit Impact brand for 30 medicines in low-income countries, first concrete investment in Dec 2022 ● Reached 185K patients with Non-Communicable Diseases (NCDs) over target (quantitative)	24.75%
	Image and Reputation & Compliance Compliance / Ethics & Business Integrity				● Successful launch of Sanofi's ambition, purpose and brand identity (adoption of a single company ambition and a unifying purpose for all 4 GBUs, adoption of a single brand integrating Genzyme and Pasteur under One Sanofi) ● Development of the new Code of Conduct	

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed compensation)
Development pipeline	Quantitative	12.5%	18.75% / 31.25%	118.0%	● R&D (Pharma + Vaccines) has achieved above execution focused KPI: 22 entries into M1, 12 development candidates M2, 9 assets entered clinical trials (FIH), 6 Ph 3 studies have been initiated, 7 submissions have been completed ● 14 approvals (vs 11 in 2021), among which are 2 NMEs (pharma) and 3 vaccines ● Progress in R&D productivity ● Reinforcement of the pipeline through Business Development or Acquisitions: 16 pharma and 6 vaccines partnerships signed, Acquisition and full integration of Amunix (pharma) and Origimm Bio (vaccines) ● Modernization of our portfolio management solutions for long-term portfolio projections and simulations to support strategic decision and workforce planning	22.13%
Total		100%	150% / 250%	111.30%		166.95%

(a) For a definition, see "Item 5. Operating and Financial Review and Prospects – A.1.5. Business net income" in Sanofi's 2022 Annual Report on Form 20-F.

Equity-based compensation

In line with our compensation policy for the Chief Executive Officer, the Board of Directors meeting of May 3, 2022 decided to award Paul Hudson 82,500 performance shares in respect of 2022. The valuation of that award as of May 3, 2022, determined in accordance with IFRS and incorporating a market-related condition, was €6,967,950.

To align equity-based compensation on our medium-term performance, a three-year period (2022-2024) is used to measure performance.

In compliance with the AFEP-MEDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net income (BNI) and free cash flow (FCF), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies. The main characteristics of the plan are set out on pages 127 and following of the 2022 Annual Report on Form 20-F.

Phantom Stock Units

Having waived all equity-based compensation not yet vested when he left his previous employer, upon joining Sanofi, Paul Hudson was awarded on joining Sanofi a medium-term incentive plan providing for a cash bonus subject to continuous presence and performance conditions. Under the terms of the plan, which compensated for approximately 50% of the incentive plans that Paul Hudson waived, he was awarded Phantom Stock Units, the vesting of which was contingent on (i) his continuous presence and (ii) attainment of performance conditions, with the attainment level of those conditions to be determined for half of the award, i.e. 25,000 phantom stock units, as of March 30, 2021 (the "First Tranche") and for the other half of the award, i.e. 25,000 phantom stock units, as of March 31, 2022 (the "Second Tranche"). Under the terms of the plan, Paul Hudson was awarded 25,000 Phantom Stock Units for the First Tranche and 21,775 Phantom Stock Units for the Second Tranche. The cash bonuses corresponding to those Phantom Stock Units were paid in 2021 for the First Tranche. The cash bonuses corresponding to the Second Tranche were paid in 2022 following the approval of Paul Hudson's compensation package by the Annual General Meeting of May 3, 2022; the bonus for the Second Tranche amounted to €2,013,534. The main terms of the plan, including the performance conditions applicable to the Phantom Stock Units, are described on pages 114 to 116 of our 2021 Annual Report on Form 20-F.

Pension arrangements

Paul Hudson is entitled to benefits under the top-up defined-contribution pension plan introduced within Sanofi on January 1, 2020. Under the terms of the plan, the Chief Executive Officer receives (subject to attainment of a performance condition) an annual contribution of up to 25% of his reference compensation (annual fixed and variable compensation).

The performance condition for the vesting of pension rights is linked to the attainment of the performance criteria for 2022 variable compensation. The Board of Directors, at its meeting of February 22, 2023, ascertained whether that performance condition had been met, noting that the attainment level for the variable portion of Paul Hudson's compensation for the 2022 financial year was 111.30%, i.e. 166.95 % of his fixed compensation.

The annual gross contribution is paid as follows:

- 50% as a gross insurance premium to the fund manager – the amount due to the fund manager with respect to 2022 is €467,162.50; and
- 50% to Paul Hudson, to indemnify him for the social security and tax charges for which he will become immediately liable. The amount due to Paul Hudson with respect to 2022 was set by the Board of Directors at its meeting of February 22, 2023 at €467,162.50.

Payment of those amounts is contingent on approval of the Chief Executive Officer's compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

Benefits in kind

The benefits in kind received by Paul Hudson in 2022 were valued at €13,497, and correspond to a company car with a driver.

Social welfare and health insurance

Paul Hudson 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. He also benefits from an unemployment insurance scheme.

B. Compensation in respect of 2023

Annual fixed and variable compensation

In line with the compensation policy of the Chief Executive Officer, Paul Hudson's annual fixed compensation is fixed at 1,400,000 euros for the 2023 financial year

The annual variable compensation of Paul Hudson will be in a range between 0% and 250% of his fixed annual compensation, with a target of 150%, and subject to both quantitative and qualitative criteria. These objectives were 50% based on financial indicators (sales growth, business net income, free cash flow, business operating income margin and growth in new key assets, each counting for 10%) and 50% based on specific individual objectives. These individual objectives, unchanged for 2023, comprise:

- Business transformation (15%)
(CHC Vaccines, General Medicines, Manufacturing & Supply, Digital & Information systems, Specialty Care);
- People & Culture (7.5%)
(Diversity, Culture, Succession Pipeline, Simplification);
- Development pipeline (12.5%)
M1 (Lead selection), M2 (Candidate selection) First in Human, Pivotal Studies, Submissions, Approvals); and

- CSR (15%)
 - Enhancement and progress on CSR program: CO2 emissions, Affordable Access, Development of Sanofi Global Health Unit (GHU),
 - Image & Reputation: ongoing rollout of new corporate branding),
 - Compliance/Ethics & Business Integrity: launch of New Code of Conduct.

Equity-based compensation

Acting on recommendation from the Compensation Committee, the Board of Directors meeting of February 22, 2023 decided to award Paul Hudson 82,500 performance shares in respect of the 2022 financial year. In compliance with the AFEP-MEDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net income (BNI), free cash flow (FCF) and CSR criteria, and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies, namely Amgen, AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly and Company Inc., GlaxoSmithKline plc, Johnson & Johnson Inc., Merck Inc., Novartis AG, Novo Nordisk, Pfizer Inc. et Roche Holding Ltd.

With effect from the 2023 awards, the plan applicable to the Chief Executive Officer includes the following extra-financial criteria, both of which are quantitative and which count for 10% of the award:

1. Affordable Access: providing essential medicines to non-communicable disease patients through Sanofi Global Health.
2. Planet Care: Carbon Footprint Reduction, scope 1&2 (CO2 emissions reduction vs 2019).

Following the introduction of the CSR criteria, the business net income criterion counts for 45%; the free cash flow criterion for 25%; and the TSR Rank Improvement criterion for 10% (unchanged). The Company will provide its shareholders with details of the terms and conditions of the performance shares plan to be awarded in April 2023 on the governance page of its website (www.sanofi.com) in advance of the Annual General Meeting on May 25, 2023.

Social welfare and health insurance

Paul Hudson 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. 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 2022 Annual Report on Form 20-F, a copy of which is available on our corporate website at www.sanofi.com.

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