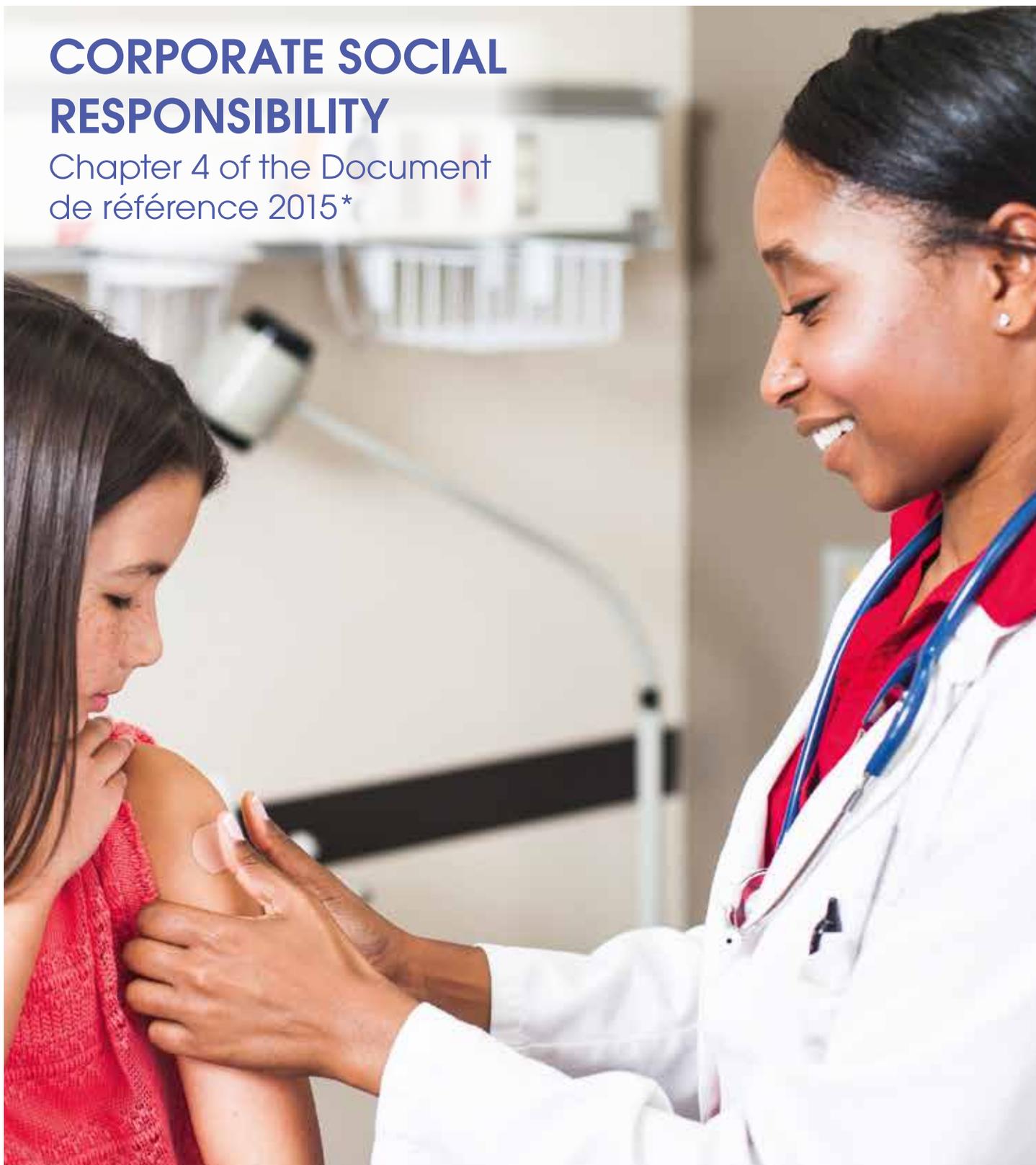


# CORPORATE SOCIAL RESPONSIBILITY

Chapter 4 of the Document  
de référence 2015\*



(\*) This is a free translation into English of the "Chapitre 4. Responsabilité sociale, environnementale et sociétale" of our Document de référence 2015 issued in French and is provided solely for that convenience of English-speaking readers.



# SANOFI

# Corporate Social Responsibility



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This chapter forms an integral part of the *Rapport de Gestion*, in accordance with the provisions of Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code relating to companies' obligations of transparency with regard to corporate social responsibility. It has been verified by an independent third party that has been accredited by COFRAC and belongs to the network of one of our statutory auditors. Our statutory auditors' report, which includes a disclosure statement and an opinion on the fair presentation of the information in this chapter, is presented in Section 4.5.

The information provided in this chapter is organized in accordance with the provisions of French implementing decree (*décret d'application*) No. 2012-557, with the exception of information relating to occupational health and safety, which is included in the "environment" section because health, safety and environmental issues share a common governance system at Sanofi (for more information, please refer to the concordance table at the end of this report).

The Group's Corporate Social Responsibility (CSR) strategy focuses on four key pillars: Patient, Ethics, People

and Planet. This strategy is in line with the Group's overall strategy (see Section 2.2.1. of this *Document de Référence*) and places the patient at the heart of our CSR approach.

Sanofi performs CSR reporting in compliance with the French "Grenelle II" legislation as well as the recommendations of the Global Reporting Initiative. We are also members of the United Nations Global Compact. Each year, we report on the Group's progress in upholding the 10 principles established by the Global Compact. In 2015, our Communication on Progress related to 2014 attained the Global Compact Advanced Level with an attestation of external assessment from the peer review process.

In addition to the information available in Section 4 "Corporate Social Responsibility," Sanofi's CSR commitments, priorities, goals and initiatives are described in the annual CSR report and related media (Download Center, brochures, videos, etc.) available on its website at <http://en.sanofi.com/csrl/csr.aspx>.

## 4.1. Social information

Sanofi's Human Resources policy focuses on five strategic areas:

- Building the next generation of leaders at Sanofi (see Section "4.1.4. Training and career development");
- Developing Sanofi employees' key capabilities and skills in order to facilitate the success of Sanofi's diversified activities (see Section "4.1.4. Training and career development");
- Improving our organizational efficiency in a changing and increasingly competitive environment (see Section "4.1.1 Employment 1.B New hires and departures");
- Implementing an organization driven by individual and collective performance and bringing goals, results and compensation into alignment (see Section "4.1.1 Employment 1.C Compensation"); and
- Embedding the Sanofi culture across the entire workforce to reflect our values, attitudes and principles while respecting the diversity and heritage of our different activities (see Sections "4.1.5 Equal treatment" and "4.1.6 Promotion of and compliance with International Labour Organization (ILO) Conventions").

The social information provided below reflects consolidated worldwide data for all fully consolidated Group affiliates (see Section "4.4. How corporate social responsibility information is reported: Methodological note"). For several years, certain indicators have been disclosed that pertain to a representative sample comprised of five countries (Germany, Brazil, China, the United States and France), which account for nearly 59% of Group employees.

### 4.1.1. Employment

#### 1.A. Total workforce

The total number of employees contributing to Sanofi's operations includes employees under contract (all employees who have a contract with Sanofi, including interns and apprentices with contracts), as well as temporary employees and third-party outside sales forces. As of December 31, 2015, the total number of employees reached 123,500, compared with 121,456 as of December 31, 2014 (+1.7%).

**Distribution of employees under contract by activity and region**

Employees under contract as of December 31	Worldwide		Europe		Of which France		North America		Other countries <sup>(1)</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Employees under contract <sup>(2)</sup>	115,631	113,496	54,375	53,341	27,431	26,933	19,263	18,627	41,993	41,528
%	100.0%	100.0%	47.0%	47.0%	23.7%	23.7%	16.7%	16.4%	36.3%	36.6%
<b>Distribution by activity</b>										
Pharmaceuticals	81.2%	82.3%	82.5%	83.5%	69.0%	70.7%	68.1%	69.6%	85.5%	86.5%
Vaccines	13.1%	12.3%	12.4%	11.5%	23.7%	22.0%	22.5%	22.0%	9.8%	9.0%
Animal Health	5.7%	5.4%	5.1%	5.0%	7.3%	7.3%	9.4%	8.4%	4.7%	4.5%

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

(2) Employees under contract include all employees who have a contract with Sanofi, including interns and apprentices with contracts. They do not include temporary employees or third-party outside sales forces.

As of December 31, 2015, the total workforce reached 115,631 employees under contract (a 1.9% increase compared with 2014). Employees from the Pharmaceuticals, Human Vaccines (Vaccines) and Animal Health activities accounted for 81.2%, 13.1% and 5.7% of employees under contract, respectively.

In terms of regional distribution, the three countries where Sanofi has the most employees are France (27,431 employees, or 23.7% of the worldwide total), the

United States (17,098 employees, or 14.8% of the worldwide total) and China (9,094 employees, or 7.9% of the worldwide total). Germany (9,080 employees, or 7.9% of the worldwide total) shares third place with China. We are continuing to expand our presence throughout the rest of the world, particularly in emerging countries. Sanofi has a total of more than 19,000 employees, or 17.3% of the total workforce, in China, Brazil and India.

**Distribution of employees under contract by function and region**

Distribution by function	Worldwide		Europe		Of which France		North America		Other countries <sup>(1)</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Sales forces	29.5%	30.1%	15.1%	15.4%	5.9%	6.3%	26.0%	25.2%	49.9%	51.1%
Research and development	14.1%	14.3%	18.5%	18.7%	24.1%	24.6%	19.5%	21.1%	5.8%	5.6%
Production	39.6%	39.1%	50.8%	50.4%	54.3%	53.6%	35.9%	35.5%	26.7%	26.2%
Marketing and support functions	16.8%	16.5%	15.6%	15.5%	15.7%	15.5%	18.6%	18.2%	17.6%	17.1%
<b>Total employees under contract as of December 31</b>	<b>115,631</b>	<b>113,496</b>	<b>54,375</b>	<b>53,341</b>	<b>27,431</b>	<b>26,933</b>	<b>19,263</b>	<b>18,627</b>	<b>41,993</b>	<b>41,528</b>

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

As of December 31, 2015, employees from Sales Forces, Research and Development, Production, and Marketing and Support Functions accounted for 29.5%, 14.1%,

39.6% and 16.8% of the total workforce, respectively. Overall, the number of employees in these functions remained stable compared with 2014.

**Distribution of employees under contract by gender**

Distribution by gender	Worldwide		Europe		Of which France		North America		Other countries <sup>(1)</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Women	45.5%	45.2%	49.1%	49.0%	50.2%	50.0%	49.8%	49.5%	38.9%	38.5%
Men	54.5%	54.8%	50.9%	51.0%	49.8%	50.0%	50.2%	50.5%	61.1%	61.5%

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

The overall proportion of female employees within the Group (45.5%) rose slightly compared with 2014 (45.2%). The proportion of female managers (whose duties involve

supervising direct subordinates) was 40.3% in 2015, compared with 40.0% in 2014 (see Section "4.1.5. Equal treatment").

**Distribution of employees under contract by age range**

Distribution by age range (Employees under contract)	Worldwide	
	2015	2014
Under age 21	0.3%	0.3%
Age 21 to 30	18.4%	18.8%
Age 31 to 40	32.4%	32.6%
Age 41 to 50	29.5%	29.8%
Age 51 to 60	17.6%	16.8%
Over age 60	1.8%	1.7%

The average age of employees (40 years, ten months) increased by three months compared with 2014 (40 years, seven months). A total of 74.9% of employees are between the ages of 26 and 50, which represents a slight decrease from 2014 (75.5%). A total of 51.1% of employees are age 40 or under, representing a slight decline from 2014 (51.7%), and 19.4% are over the age of 50, representing an increase compared with 2014 (18.5%).

**1.B. New hires and departures****New hires and departures by region<sup>(1)</sup>**

	Worldwide		Europe		Of which France		North America		Other countries <sup>(2)</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total number of new hires	15,856	15,915	6,517	5,551	3,719	2,984	2,449	1,931	6,890	8,433
Total number of departures	14,070	14,769	5,542	6,122	3,265	3,683	1,852	2,146	6,676	6,501

(1) Data on movements (new hires and departures) cover more than 97% of the scope of reporting, as they do not include companies that were consolidated or acquired during the year or movements relating to companies not included in the Convergence platform, for which data on new hires and departures are not collected. In addition, the data do not include in-house transfers.

(2) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

In 2015, Sanofi hired 15,856 new employees, including 57.6% under permanent contracts. The departure of 14,070 employees was primarily due to resignations (45.9%), layoffs (30.6%), the expiration of fixed-term contracts (18.6%) and retirement (4.9%).

The higher rates of new hires resulted, in particular, from the following:

- Hiring Production workers for the Toujeo® launch in Germany.
- Hiring individuals with critical skills not currently found within the French entities Sanofi Aventis Group, Sanofi Aventis France and Sanofi Aventis Recherche et Développement entities, an increase in activity at Sanofi Winthrop Industrie, hiring support staff for the annual flu vaccine campaign and the launch of a Sanofi Pasteur dengue vaccine.

**Worldwide distribution of employees under contract by seniority**

Years of seniority (Employees under contract)	Worldwide	
	2015	2014
> 35	1.4%	1.3%
31-35	2.9%	2.9%
26-30	4.8%	4.4%
21-25	6.7%	7.4%
16-20	9.0%	8.8%
11-15	14.0%	14.6%
6-10	20.1%	21.3%
1-5	29.3%	27.0%
< 1	11.8%	12.2%

At ten years and three months, average seniority was unchanged compared with 2014. The average seniority of employees in Europe (13 years, five months) remains higher than that of employees in North America (nine years, one month) and the rest of the world (six years, seven months). The average seniority of female employees (ten years) is five months less than that of male employees (ten years, five months). A total of 61.2% of employees have ten years of seniority or less, compared with 60.5% in 2014.

- Projects to expand the local market in India in connection with our Diabetes business.

Layoffs resulted, in particular, from the following:

- The transformation plan for Industrial Affairs that led to the closure of the Fawdon site in England.
- An early retirement plan following the restructuring of sale forces in Japan.
- The continuation of transformation plans in France within Sanofi Aventis Group, Sanofi Winthrop Industrie and Sanofi Aventis France as well as the sale of the Quétigny site and the scientific platforms at the Toulouse site.

Of the total number of departures from the Group, 27.1% were voluntary departures by employees under fixed-term contracts (77.8% of which were in China, where all new

employment contracts are generally renewable fixed-term contracts) and 72.9% were voluntary departures by employees under permanent contracts, which represents a 4.1% turnover rate for employees under permanent contracts.

### Supporting employees during reorganizations in France

In 2015, various Sanofi transformation plans launched in recent years were finalized or continued, depending on the business, in accordance with the proposed projects:

- **Sanofi Chimie:** The changes to the Sanofi Chimie scope, initiated in 2011, are now complete. The biotechnology activity is still being developed at the Vitry-sur-Seine site.
- **Sanofi Winthrop Industrie (SWI):** The France 2015 plan announced in 2012 that called for the reorganization of certain Sanofi activities for the SWI scope in 2015 has been finalized. In addition, Delpharm took possession of the Quétigny site in Côte-d'Or in April 2015. This acquisition of the Quétigny drug manufacturing site also includes a substantial investment program intended to strengthen the site's production capacity, as well as a subcontracting agreement between Delpharm and Sanofi with a minimum term of seven years, aimed at maintaining jobs at the site.
- **Sanofi Aventis Group (SAG):** In 2015, substantial progress continued to be made in implementing the France 2015 plan, with the end of group transfers at SAG Paris and Lyon for 23 SARD employees. In addition, 69 employees left the Group in 2015 as part of the voluntary departure plan: 32 through end-of-career transitions and 37 through professional transitional leave. We continued to streamline and harmonize processes and implement shared tools in 2015.
- **Sanofi Pasteur:** In 2015, the implementation of the voluntary departure plan, initiated in 2013, was completed. A total of 70 employees left the company – 56 through age-related measures (end-of-career transitions) and 14 through external mobility.
- **Sanofi Aventis Recherche et Développement (SARD):** SARD's planned sale of scientific research and development platforms at the Toulouse site falls within the scope of helping the Group adapt to changes in the pharmaceutical industry, resulting in the modification of Sanofi's R&D strategy. The planned sale and associated strategic partnership with Evotec were reviewed as part of an information and consulting process that ended March 9, 2015. As part of this process, 212 employees, including 209 under permanent employment contracts and three under fixed-term contracts, were transferred to Evotec on April 1, 2015. An agreement covering the support measures for this sale was finalized on March 10, 2015.
- **Sanofi Aventis France (SAF):** The voluntary departure plan announced in late 2014 ended early on November 30, 2015 when the maximum number of

voluntary departures allowed for end-of-career transitions (94 people) and mobility leave (75 people) was reached.

### 1.C. Compensation

Sanofi's compensation policy is designed to reward individual and team contributions, while also taking overall economic results into account. It aims to promote a culture of performance and encourage the skills required for the Group's development. The compensation of the Chief Executive Officer and the Chairman of the Board is detailed in Section "1.2.1. *Organes d'administration et de direction – 5. Rémunérations*" in Chapter 1 of our *Document de Référence*.

#### 1.C.a. The objectives of Sanofi's compensation policy

The objectives of Sanofi's compensation policy are to:

- Ensure sound alignment with local market practices to ensure competitive, attractive compensation in all countries where we operate;
- Maintain a strong connection between company performance and employee contributions to performance, while ensuring that employees are treated equitably; and
- Maintain a balance between short-term performance and medium- and long-term performance.

This policy is based on the principles used by the Board of Directors to determine the compensation of the Chief Executive Officer (see Section "1.2. *Gouvernement d'entreprise – 5. Rémunérations*" in Chapter 1 of our *Document de Référence*).

These principles may essentially be applied to all managers.

#### Alignment with market practices

Sanofi aims to assess market trends for each component of compensation:

- Base compensation: assessed in terms of absolute value and year-to-year changes;
- Employee benefits: primarily plans providing for retirement contributions, reimbursement of medical expenses, and death and disability benefits;
- Short-term variable compensation: targeted annual variable compensation; and
- Medium- and long-term variable compensation: mainly includes stock options and performance shares taking into account potential share dilution, the number of beneficiaries and the grant price.

Market benchmarking is generally performed for each country. We compare our practices against those of our local competitors – first and foremost competitors in the pharmaceutical sector but also competitors in other sectors, depending on the business activities in question.

Each year Sanofi takes part in compensation surveys in the various countries where it operates. These surveys are conducted by recognized consulting firms in order to obtain reliable information on local compensation practices. Collected information is used to position jobs at Sanofi in relation to the market.

Sanofi aims to align average compensation levels with the benchmark market median while allowing for broad variations based on individual performance or an employee's command of his/her duties.

#### **A strong connection between Company performance and employee contributions to Company performance**

All variable compensation, whether short-term or medium- to long-term, is subject to the attainment of performance criteria that reflect key factors for the organization's success. Performance indicators, which are generally financial indicators, are always measurable, quantifiable, specified in advance and made known to beneficiaries.

A comprehensive performance management process was introduced throughout the Group in 2011. It involves setting individual objectives and assessing both the progress made toward those objectives and the professional conduct demonstrated in pursuit of them. Individual and team goals are set at the beginning of the year, and progress is assessed at the end of the evaluation period before compensation decisions are made.

#### **Balance between short-term performance and medium- to long-term performance**

##### **Short-term performance**

Nearly 35,000 employees are covered by an annual individual variable remuneration (IVR) plan, which is the same across all activities and all countries. Targeted variable remuneration levels are primarily based on local market practices. They range from 5% to more than 50% for senior executives, with a Group-wide average of 15%. Sales representatives are covered by a separate compensation system based on the performance of their sales organization.

The annual budget available for variable remuneration is determined based on the level of attainment of key performance indicators (KPIs) specified in advance within each organization. Individual IVR bonuses are then determined by supervising managers based on their evaluation of the employee's performance, within the limit of the available budget.

Performance indicators are generally financial indicators such as sales, operating results or cost control. For R&D, other indicators such as progress made on key projects are also used. For Industrial Affairs, performance is measured using a combination of indicators that reflects the difference between estimated costs and actual costs.

Two indicators are used to measure Group performance: business net income (see definition in Section "3.1.10.

*Annexe – Définition des données financières*" of our *Rapport de Gestion*) and actual Group sales growth compared with projected growth for the year. Since 2013, an additional indicator (cash flow) has been used in the aim of optimizing the Group's cash flow. These Group performance indicators are used for all senior executives eligible for IVR in addition to indicators specific to their entity.

The following additional indicators were also used in 2015:

- For sales organizations at the regional and country level: cash flow optimization indicators in addition to the traditional indicators of business net income and sales; and
- For industrial entities: inventory optimization indicators.

##### **Medium- and long-term performance**

In 2015, performance shares and stock options were granted to nearly 7,400 employees. These grants are conditional on employees' attainment of performance criteria over three financial years and their continued employment at Sanofi.

The performance criteria are determined by two indicators measured at the Group level: business net income and return on assets (ROA). The first is assessed with regard to the budget set at the beginning of the year, and the second is assessed with regard to a target set by the Board of Directors at the beginning of the period.

One additional performance criteria, total shareholder return, which is assessed against a panel of competitors, is used to determine the compensation of the CEO.

By granting performance shares or stock options and choosing performance criteria, the creation of value becomes a shared interest for beneficiaries and shareholders alike.

For senior executives, the medium- and long-term variable compensation component is comparable to the short-term variable compensation component.

In accordance with market practices, the number of employees entitled to performance shares and/or stock options is limited in order to ensure that share dilution remains at acceptable levels while offering employees competitive compensation.

##### **Non-discrimination**

Sanofi is careful to ensure the absence of any discrimination (e.g., based on gender) in the compensation paid in respect of a given position at equivalent levels of individual performance.

Where disparities are noted, we may establish specific budgets to balance out compensation levels. For example, in France in 2015, we decided to devote up to 0.1% of the total budget to adjustments such as reducing the wage gap between men and women.

### Employee share ownership

Sanofi regularly establishes employee share ownership plans in an effort to:

- Motivate employees and promote employee loyalty;
- Foster employees' sense of unity and belonging to the Group;
- Enable employees to share in Sanofi's growth and success; and
- Align employee and shareholder interests.

As of December 31, 2015, 1.28% of Sanofi's capital was held by employees, representing a market value of €1.16 billion. Employees have become shareholders primarily through the employee savings plan (top-ups), bonus share issues and capital increases reserved for employees (the most recent operation took place in 2013).

### Employee benefits

Sanofi strives to ensure that all employees worldwide receive high-quality benefits covering health, pension, incapacity, disability and death. These benefits comply with national regulations, are adapted to local cultures and provide the coverage that best meets employees' needs. In all countries, employees (as well as, in general, their spouses and children) receive reasonable reimbursements of medical expenses as well as death benefits.

In the vast majority of countries, Sanofi also offers benefits covering temporary or permanent disability. In France for example, all Sanofi employees, irrespective of the type of contract they hold (temporary or permanent, part-time or full-time), are entitled to the same medical benefits and complementary social protection from the moment they are hired.

On a regular basis, we take part in a comprehensive market survey, conducted in over 60 countries, to ensure that the employee benefits we offer are in line with current local practices.

We also make sure that our employee benefit plans are designed for the long term.

In order to limit employee-related liabilities, Sanofi prefers defined-contribution plans over defined-benefit plans.

As regards "insured" plans, we seek to optimize how we finance employee benefit plans and reduce administrative costs by instituting programs such as insurance pooling and using captive insurance companies.

In 2010, Sanofi set up an Employee Benefits Steering Committee. The purpose of the Committee, which is chaired by the Chief Financial Officer and Sanofi's Human Resources Director, is to:

- Review and approve our overall employee benefits strategy;
- Review and approve the implementation or modification of all defined-benefit plans, irrespective of their cost; and

- Review and approve the implementation or modification of all defined-contribution plans exceeding a limit set in advance by the Committee.

When possible, Sanofi provides personalized employee benefit programs (medical, dental, vision, etc.) that allow employees to adjust their coverage according to their family situations and personal needs.

These types of programs have been instituted in China, the United States and the United Kingdom.

The United Kingdom implemented the MyFlex personalized employee benefit program in 2015. This flexible plan comprises a base plan (which includes retirement, death, disability and medical benefits) and alternate options. These options are divided into three categories: additional income, health and leave. Employees have the option to increase or decrease their coverage for the base plan as well as the alternate options. For instance, employees may make additional contributions to their retirement plans, upgrade their health plan and/or retirement plan, and increase or reduce their annual leave by up to five days per year. Sanofi United Kingdom received an award for its MyFlex program.

In addition, Sanofi United Kingdom added other coverage to promote, among other things:

- Improved payment of benefits in the event of serious illness and/or the option to sign up for medical check-ups. Employees may also choose to get coverage for their spouses;
- Healthy lifestyles through a dedicated website where employees can sign up for memberships to health and/or fitness centers throughout the United Kingdom at special rates (GymFlex); and
- Respect for the environment by subsidizing bicycles (and/or accessories) used for commuting to and from work and encouraging long-term leases of clean vehicles through an approved dealer website (Green Car).

In certain countries, medical benefits also include programs focusing on prevention, vaccinations, screening (diabetes, skin cancer, etc.), nutritional advice, well-being, etc. In the United States, our employees have the option of joining our comprehensive wellness program, Health in Action.

In addition, Sanofi continues to encourage work-life balance for all employees worldwide. In France, long-term care coverage was offered to all 27,431 French Sanofi employees in 2015 as the result of a collective agreement. Employees that are coping with a spouse or family member's loss of autonomy have access to:

- A support hotline (for help finding a suitable care facility, advice about how to proceed, etc.); and
- A long-term care fund: a one-time payment in the event of the partial or total disability of the dependent (as defined by French law) to be used for expenses

incurred when making modifications to the home or placing the individual in a specialized facility.

For employees who lose their autonomy and find themselves entirely dependent, Sanofi offers a long-term care insurance plan that includes an annuity and an initial lump-sum payment. Employees can keep this coverage after they leave the company by taking over the premium payments. In 2015, more than 500 individuals called the support hotline and around 100 received one-time payments. A few employees with total disabilities are currently receiving long-term care annuities.

In addition to medical, disability and death benefits, Sanofi offers retirement benefits in all countries where this is standard industry practice (more than half of the countries where we operate).

For example, in France, Sanofi has set up an optional collective retirement savings plan (PERCO) that supplements statutory plans and encourages employees to voluntarily save for retirement. Under the plan, Sanofi tops up employee contributions by 250%, within a certain limit. The top-ups, ceilings and management decisions relating to the funds are established jointly by management and trade unions.

In Brazil, all permanent employees are eligible to participate in the company's retirement plan. Sanofi Brazil encourages employees to prepare for retirement by topping up employee contributions by 150%, within a certain limit.

We have also established a medical and travel assistance plan for employees whose jobs require them to travel abroad, regardless of the country where they work. This plan also covers emergency evacuations and repatriation.

#### **1.C.b. The primary indicators relating to Sanofi's compensation policy**

At Sanofi, we provide equitable compensation for our employees in accordance with standard industry practices. In order to ensure the best possible living standards, employee compensation generally exceeds the legal minimum wage in the countries where we operate.

As indicated in Note D.24 to our consolidated financial statements, payroll expenses (primarily gross compensation and the related social security contributions) totaled €9,716 million in 2015 (€8,665 million in 2014).

#### **Lowest average wages**

A comparison of the legal minimum wage in a given country or business sector with the average gross annual base pay (not including special bonuses, team bonuses, profit-sharing bonuses, etc. paid in addition to wages) of employees earning the lowest 15% of wages at the Sanofi Group shows that Sanofi employees have a substantial advantage in the following countries:

- **Brazil:** Average wages are more than double the country's legal minimum wage. Minimum wages for the

pharmaceutical sector are negotiated and applied at Sanofi. These vary by region and by employee category. Thus, average wages are nearly 30% higher than the minimum wage for the pharmaceutical sector at the Suzano plant and the Sao Paulo site. Between 2014 and 2015, average wages increased by 18%. In 2015, fewer employees received the minimum wage for their sector and some sites applied high across-the-board raises tied to inflation (9% at the Suzano plant, 10.3% at Merial, etc.) as a result of collective agreements. This was done before applying any individual raises;

- **China:** Average wages are more than 2.3 times the legal minimum wage applicable in the five largest cities (the five "first-tier" cities: Shanghai, Hangzhou, Shenzhen, Guangzhou and Beijing). Between 2014 and 2015, average wages rose 12.6%, more than the amount budgeted for raises in 2015 for all employees, in response to inflation and the need to make up for low wages;
- **France:** Average wages are 1.6 times the legal minimum wage (SMIC) and 1.3 times the minimum starting wage negotiated with the trade unions. Average wages were calculated solely on the basis of wages paid under permanent contracts. They were slightly lower in 2015 than in 2014, due to significant hiring in the worker, employee and technician categories at the recommended minimum starting wage. In addition, the minimum starting wage did not change in 2015;
- **United States:** Average wages are 2.9 times the federal minimum wage, which has not been raised since 2009. Between 2014 and 2015, the lowest 15% of wages rose 0.3%, because the employees at the new Barceloneta production center were taken into account, contributing to an increase in the number of employees earning the lowest 15% of wages; and
- **Germany:** A new national minimum wage went into effect January 1, 2015. The average wages of employees earning the lowest 15% of wages are under negotiation with employee representative bodies. The gross compensation of non-managerial staff is handled with the trade unions through sector-specific collective agreements. Average wages are more than double the new legal minimum wage and are 14.8% higher than the minimum wage for the sector applicable to non-managerial staff (category E4). These wages were just slightly lower in 2015 than in 2014, as a large number of production workers (600) were hired for the Toujeo® launch.

#### **Salary increase budgets**

Each year, Sanofi establishes salary increase budgets (the distribution of which may vary depending on the employee categories) taking into account:

- Merit increases;
- Collective increases in countries where they apply; and

- Increases for promotions and automatic increases provided for by collective agreements.

The budgets are established based on several criteria:

- Market trends anticipated by competitors and reflected in annual compensation surveys;
- Inflation forecasts; and
- Internal economic constraints specific to each country.

Annual salary increase budgets are thus the fruit of compromise, taking into account market observations and the cost to be borne by the company. In 2015, the salary increase budgets totaled 1.5% in France, 1.9% in the United States, 7.3% in Brazil, 1.5% for managers and 4% for non-managers in Germany, and 8% in China. These budgets are comparable to those of our competitors.

Salary increase budgets	Germany*	Brazil	China	France	United States
2012	Managers 2.5% Non-managers 4.1%	6.8%	9.0%	3.0%	2.3%
2013	Managers 2.0% Non-managers 1.0%	6.8%	8.0%	2.2%	2.0%
2014	Managers 2.0% Non-managers 4.5%	6.8%	8.0%	2.0%	2.0%
2015	Managers 1.5% Non-managers 4.0%	7.3%	8.0%	1.5%	1.9%

\* Germany: mandatory sector-wide increase for all non-managers (valid 12 or 18 months depending on the year).

### Variable collective compensation

In addition to individual variable remuneration, certain countries and activities have also instituted variable collective compensation.

Since 2007, our Industrial Affairs organization has been developing a performance-based collective compensation system known as the Annual Progress Plan (APP).

The plan is intended solely for employees who are not already eligible for another type of variable compensation (individual bonuses or another type of variable collective compensation such as voluntary profit-sharing).

The APP is designed to compensate eligible employees according to the overall performance of their production site with respect to the objectives set at the beginning of the year. As of 2015, the APP is in place at 33 sites in 21 countries. The amount distributed may total up to 20% of the base pay of each beneficiary, depending on the site's performance.

In addition to the system within Industrial Affairs, other variable collective compensation systems are in place in Germany, Brazil and France:

- **In Germany**, an agreement negotiated with the Central Works Council has led to a collective profit-sharing incentive system for non-managerial staff. The target amount of this incentive represents 6% of base pay,

and the final bonus is linked solely to the company's performance;

- **In Brazil**, the aggregate amount of profit-sharing is calculated based on performance indicators and pre-established objectives (sales, market share, etc.). The target amount for each employee totals approximately one month of base pay; and
- **In France**, two variable collective compensation plans are in place:
  - The first is statutory profit-sharing (*participation*), which is determined based on the profit generated by all Sanofi's French entities. This plan uses a special calculation method that is more advantageous for employees than the method prescribed by law; and
  - The second is voluntary profit-sharing (*intéressement*). It was introduced at Sanofi under a three-year agreement (from 2014 to 2016) with trade unions. Sanofi's management and the trade unions determine the key performance indicators (KPIs) to be taken into account and the aggregate amount to be distributed to the employees who worked for Sanofi during the fiscal year in question.

In 2015 the aggregate amount distributed to employees in France under the statutory and voluntary profit-sharing initiatives totaled €153.4 million, with individual amounts ranging between €5,069 and €7,690.

Variable collective compensation (France)	2015	% Change	2014	% Change	2013
Voluntary + statutory profit-sharing	€153.4 million	-9.3%	€169.1 million	-6.3%	€180.5 million
Minimum bonus: voluntary + statutory profit-sharing	€5,069	-5.0%	€5,338	-6.1%	€5,687
Maximum bonus: voluntary + statutory profit-sharing	€7,690	-7.1%	€8,277	-6.0%	€8,806

## 4.1. SOCIAL INFORMATION

The profit-sharing bonus required by law was repealed, which partly explains the decrease in the aggregate amount of variable collective compensation distributed in 2015.

The minimum amount of variable collective compensation paid by Sanofi in France represents the equivalent of 2.6 months of base pay for the lowest-paid employees.

Finally, Sanofi also tops up employees' voluntary contributions to the employee savings plan in France.

Collective agreements have been signed to extend coverage under these programs to Saint-Herblon and Genzyme Polyclonals employees.

#### Country-specific initiatives

Finally, several countries offer plans that help employees and their families in their daily lives (employee assistance, subsidized childcare, special rates for various services, etc.).

- **France:** For the last five years, a personalized comprehensive compensation overview has been sent to each employee in France. This document details the compensation received during the previous year, i.e., salary plus individual and collective compensation, employee savings plans, retirement savings plans, employee benefits and employee share ownership, as well as specific benefits offered by Sanofi.

In 2014 Sanofi put in place a new program that provides assistance to employees who support their dependent parents. In this regard, we signed a collective agreement with trade unions covering the following three points:

- An insurance policy providing employees with an annuity in the event they become dependent themselves. Spouses and former Sanofi employees are also eligible to join the program;
  - A support hotline for information on benefits, placement assistance, legal assistance, etc.; and
  - Emergency financial assistance (for parents or spouses);
- **United States:** The MyAwards program was established in 2013. Open to all employees, the program enables managers to recognize employees' performance through a point-based system of non-monetary recognition. Points earned under the program can be converted to purchase goods, trips, tickets to events, etc.; and
  - **Brazil:** The *Progridir* program was implemented, which entails studying sales force career paths and aligning their salary scale with industry practices. The country also reviewed the pay grade structure in order to align it with industry practices, as well as the catalogue of existing positions.

### 4.1.2. Organization of work

#### 2.A. Organization of working hours

Workforce as of December 31	Worldwide		Europe		Of which France		North America		Other countries <sup>(1)</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Employees under contract</b>	115,631	113,496	54,375	53,341	27,431	26,933	19,263	18,627	41,993	41,528
<b>Distribution by type of employment contract</b>										
Permanent contracts	89.2%	89.1%	92.9%	93.0%	90.3%	91.1%	99.7%	99.8%	79.5%	79.2%
Fixed-term contracts	10.8%	10.9%	7.1%	7.0%	9.7%	8.9%	0.3%	0.2%	20.5%	20.8%
<b>Part-time</b>										
Number of employees working part-time	4,429	4,522	4,177	4,170	2,645	2,726	131	220	121	132
Full-time equivalents	3,361	3,434	3,171	3,169	2,097	2,159	91	160	99	105
<b>Number of temporary employees</b>	5,725	5,951	1,070	2,274	1,388	1,424	1,078	1,107	2,189	2,571

(1) Asia-Pacific, Latin America, Africa, the Middle East and Japan.

The percentage of temporary contracts (10.8%) decreased 0.1 percentage point compared with 2014. The ratio of temporary contracts to permanent contracts was 5.6%, which represents a 0.3 percentage point decrease compared with 2014.

Within the Group, 3.8% of employees under permanent contracts work part-time; this rate decreased by

0.6 percentage points compared with 2014 (4.4%). The majority of part-time employees are women (84.4%), a slight decrease compared with 2014 (85%).

In the countries where we operate, the average workweek is generally set by law.

In an effort to improve working conditions, a number of countries have implemented new workplace arrangements and initiatives to improve employees' work-life balance – offering more flexible on-site hours and making it possible to work from home.

A survey of our Diversity delegates throughout the world with responses from 27 countries highlighted other initiatives:

- Modifying working times:
  - In Italy: Implementing a program for teleworking one day a week (extended to two days a week from May to October);
  - In Spain: The minimum leave employees can request changed from a full day to a half day;
  - In Poland: The program for teleworking two days a week implemented in 2014 was expanded in 2015. The length of the working day can be modified based on the season;
  - In the Czech Republic: Employees have the option of teleworking one day per week or four days per month; and
  - In India: The new Parenting Policy allows for six months of maternity leave, two weeks of paternity leave and six months of leave after adopting.
- On-the-job flexibility training sessions for employees and managers were created in the United States (400 people trained), Japan (300), the Czech Republic (200), Lebanon (176), Italy (165), Finland (40) and Iran (35).
- On-the-job flexibility working groups were organized in the United States, Spain, Finland, Israel and Lebanon.

In 2012, an agreement was reached on teleworking within the Sanofi Group in France. In 2015, more than 4,300 employees, i.e., 17.6% of the workforce, opted to work from home (compared with 2,083 employees or 7.8% of the workforce in 2014).

In France, working time is set by law or collective agreements. In 2015, the theoretical average annual working time was 1,554 hours (compared with 1,547 hours in 2014).

## 2.B. Absenteeism

As asserted in Sanofi's Social Charter, achieving both improved working conditions and the necessary adaptations of the Group to its environment is a key imperative. The Charter also states that the health and safety of all is an obligation for the Group and employees, and all necessary means must be employed to ensure compliance. Monitoring absenteeism provides a means of measuring employee satisfaction and engagement in the workplace.

The absenteeism indicator is monitored and managed at the local level in line with applicable regulations and cannot be extrapolated on a consolidated basis at the global level. Due to differences in local regulations,

absenteeism is not monitored at the Group level but it does provide an accurate reflection of employee engagement in a given country. In this regard, five countries (Germany, Brazil, China, the United States and France), which accounted for 59% of Sanofi's workforce as of December 31, 2015, can be taken as a representative sample.

**Germany:** Under the German national collective agreement (*Bundestarifvertrag*), in the event of an absence due to illness or an occupational injury, employees with over 20 years of seniority are entitled to between six and 24 weeks of paid leave, and managers are entitled to 52 weeks of paid leave. For German employees, absences due to illness are not counted after 42 days, as employees are considered inactive after that point. In 2015, the company counted 114,840 days of absence due to illness and 915 days of absence due to occupational or commute-related injuries.

With regard to maternity leave, women are entitled to 14 weeks of paid leave (six weeks before giving birth and eight weeks after giving birth). Given that German law does not provide for paternity leave, absenteeism data do not include this type of leave for Sanofi Germany, where paternity leave is considered unpaid, inactive working time. In 2015, female employees took 8,265 days of maternity leave. Under German law, male and/or female employees are entitled to three years of parental leave. At the end of the leave, they must be reinstated to a suitable position at the company. In 1997, Sanofi signed a works council agreement that adds one additional year of unpaid leave to the three years provided for by law (fourth year of parental leave).

**Brazil:** In the event of an absence due to illness or an occupational or commute-related injury, under a trade union agreement employees are entitled to up to one year of paid leave. Provided their absence does not exceed 50 days, employees' positions will be reserved until they return. In Brazil, days of absence exceeding 52 weeks are not reported, as employees are considered inactive after that point. In 2015, the company counted 36,580 days of absence due to illness and 1,685 days of absence due to occupational or commute-related injuries.

With regard to maternity and/or paternity leave, Sanofi adheres to the government's corporate citizenship program, which extends maternity leave from four to six months and also provides for ten days' paternity leave. Employees' jobs are secured throughout their entire period of absence (maternity leave). In 2015, employees took 18,036 days of maternity and/or paternity leave.

**China:** In accordance with Chinese law, employees' jobs are secured for the entire period of absence duly documented pursuant to national and local regulations. In the event of illness or an occupational or commute-related injury, employees are entitled to up to 24 months of paid leave. Employees are also entitled to five days' sick leave per year. In 2015, the company counted 8,669 days of absence due to illness and 25 days of absence due to occupational or commute-related injuries.

With regard to maternity leave, Chinese law provides for a period of 98 calendar days and this can be extended to up to six months by local regulations. Paternity leave is also granted through various policies adopted by local governments. For instance, in Shanghai employees are entitled to three calendar days of paternity leave. In 2015, employees took 19,963 days of maternity and/or paternity leave. This figure is expressed in calendar days, as maternity/paternity leave is granted as a number of calendar days, not business days, as required by law.

**United States:** In the event of illness, employees are entitled to a maximum of five days' paid sick leave per year. After that period, absences due to illness or injury are handled in accordance with the company's policies on short-term disability and leave for medical or family reasons. Employees who sustain injuries or illnesses arising out of their employment with Sanofi in the United States are entitled to compensation pursuant to the applicable state statutes. In 2015, the company counted 34,270 days of absence due to illness and 197 days of absence due to occupational or commute-related injuries. Absenteeism data includes only the first five days of absence.

In the United States, maternity leave falls under our short-term disability policy, which grants mothers six to eight weeks of paid leave. Employees are also entitled to parental leave, which includes two weeks of paid leave and 10 weeks of unpaid leave. In 2015, employees took 4,246 days of maternity and/or paternity leave.

**France:** In the event of illness, employees are entitled to paid leave starting the first day, for up to nine months. If compensation for sick leave is granted by the French national social insurance agency, the employer receives the daily benefits paid by the agency (subrogation). Paid leave ends after nine months. Employees receive daily benefits directly from the social insurance agency.

For employees who are eligible to receive daily benefits from the social insurance agency for sick leave due to an illness (occupational or otherwise) or an occupational injury, Sanofi grants employees with at least one year of seniority a replacement income equal to their full salary for the first nine months of sick leave, and 90% after that period. In the event of disability, employees receive an annuity in addition to that paid by the social insurance agency.

In 2015, the company counted 190,135 days of absence due to illness and 9,498 days of absence due to occupational or commute-related injuries. In France, absenteeism data is not recorded for absences exceeding nine months.

With regard to maternity leave, in addition to statutory leave, the Sanofi Group agreement of November 15, 2006 on special leave and the amendment of June 8, 2012 provides for an additional two weeks of leave directly following maternity leave. Statutory maternity leave in France depends on the number of singleton pregnancies (up to two children: 16 weeks; three or more children: 26 weeks) or multiple pregnancies (twins: 34 weeks;

triplets or more: 46 weeks). Women are entitled to paid leave for the entire maternity leave period. By law (Article 55 of Act No. 2001-1246 of December 21, 2001 on social insurance financing), fathers are entitled to 11 calendar days of paternal leave (increased to 18 days for multiple births). Leave must be taken within four months following the birth. The agreement on special leave mentioned above provides for capping paid leave at three times the maximum monthly social security limit, minus any daily benefits paid by the social insurance agency. In 2015, employees took 42,832 days of maternity and/or paternity leave.

### 4.1.3. Social dialogue

In all countries where Sanofi operates, we strive to combine economic and social performance – which we believe are inseparable.

With regard to respect for people, Sanofi's social responsibility is based on the basic principles of the Group's Social Charter, which outlines the rights and duties of all Group employees. The Social Charter addresses Sanofi's key commitments towards its workforce: equal opportunity for all people without discrimination, the right to health and safety, respect for privacy, the right to information and professional training, social protection for employees and their families, freedom of association and the right to collective bargaining, and respect for the principles contained in the Global Compact on labor relations and the International Labour Organization (ILO) treaties.

The Group's social relations are based on respect and dialogue. In this spirit, the Company's management and employee representatives meet regularly to exchange views, negotiate, sign agreements and ensure that agreements are being implemented. Furthermore, in 2015 the Group implemented a worldwide policy on freedom of association (see Section "4.1.6 Promotion of and compliance with International Labour Organization (ILO) Conventions").

In this regard, five countries (Germany, Brazil, China, the United States and France), which accounted for 59% of the Group's workforce as of December 31, 2015, can be taken as a representative sample. Social dialogue takes place in different ways from one country to the next, as necessitated by specific local circumstances. Depending on the case, social dialogue relating to information, consultation and negotiation processes may take place at the national, regional or company level. It may be organized on an interprofessional or sectoral basis, or both. Social dialogue may be informal or it may be implemented through a specific formal body, or a combination of both methods. Whatever the situation, Sanofi encourages employees to voice their opinions, help create a stimulating work environment and partake in decisions aiming to improve the way we work. These efforts reflect one of the principles of the Social Charter whereby the improvement of working conditions and the Group's necessary adaptation to its environment go hand in hand.

### 3.A. Social dialogue in Europe

Sanofi's European Works Council (EWC), which includes 40 members and 40 alternates, represents employees who work in European Union countries. In 2015, the EWC met in March and November to discuss the Group's strategic objectives, financial performance and prospects for developing its various activities. The EWC also received regular updates on key topics such as employment in Europe and Group reorganization plans.

Interim meetings with EWC officers also provide the body with regular or timely information based on developments within the Group. In 2015, all EWC members and alternates received special training on "Improving unity among members of the council and expanding its role within the Group."

In addition, throughout 2015, negotiations were held with employee representative bodies in each of the European countries concerned to explain the anticipated changes.

**Social dialogue in France:** The France Group Committee, made up of 25 members, 25 alternates and trade union representatives met in April, July, September, November and December 2015. During those meetings, the committee was kept abreast of the strategy, operations, financial situation and labor changes at Sanofi in France and Group reorganization plans.

#### Overview of collective agreements in France

In 2015, six agreements (concerning equality at work for men and women, workforce planning and additional statutory profit-sharing, among other things) and eight amendments (concerning dependency/long-term care and support for employees who care for dependent relatives, voluntary profit-sharing and top-ups under the employee savings plan, among other things) were signed with trade union representatives in France. All employees were covered by collective agreements.

As part of the action plan for cross-generation contracts (*contrats de génération*) established in October 2013, Sanofi made a three-year commitment to hiring at least 500 employees under permanent contracts including 40% young people (age 30 or under), 25% of whom will be hired following work-study contracts, and 10% seniors (age 50 and over). We also plan to hire 20 post-doctoral researchers under fixed-term contracts for research projects with our R&D teams.

Two years into the plan, 910 young people have been hired in France (267 in 2014 and 643 in 2015), including 65 who were hired following work-study contracts (three in 2014 and 62 in 2015). In addition, 88 new employees age 50 and over have been hired under permanent contracts (26 in 2014 and 62 in 2015). Over the past two years, 24 post-doctoral researchers have also been hired under fixed-term contracts.

**Social dialogue in Germany:** Employees are represented through the Works Council or the Employee Representatives

Committee, whose representatives are elected by employees to represent them for a four-year term in Germany's chemicals sector.

An elderly care charter for the state of Hesse was signed in July 2014, and a works council agreement on mobile working and teleworking was put in place at the national level in September 2014. In 2015, 62% of employees were covered by collective agreements and 26 internal collective agreements were signed.

### 3.B. Social dialogue in other countries

**In Brazil:** Employees are represented by trade unions at the industry branch level. Elected by pharmaceutical company employees for a four- or five-year term, trade union representatives have guaranteed job security and cannot be laid off by the company during their term of office.

Sanofi Brazil currently has 100 employees who are trade union representatives for organizations registered with the Labor Ministry. Their role is to lead collective bargaining negotiations relating to matters such as wages and benefits.

In addition, Brazilian labor law requires companies to establish an internal committee, made up of employee representatives elected for a two-year term, to discuss and negotiate specific matters such as profit-sharing agreements and the prevention of occupational accidents. In 2015, all employees were covered by collective agreements and 16 internal collective agreements were signed.

**In China:** In accordance with the principle of freedom of association, Sanofi China has backed the implementation of employee representation at its industrial sites. Activities are created on a regular basis and organized by employee volunteers with the support of management at headquarters and in the regions. Social media are also used to motivate younger generations of employees. In 2015, 20% of employees were covered by collective agreements and two internal collective agreements were signed.

**In the United States:** In the absence of elected employee representatives, various committees enable employees to voice their opinions to management and participate in decision-making processes (see Section "5.D. Other measures to promote diversity and equal opportunity").

### 3.C. Employee engagement surveys

Since 2012, the Group has developed surveys to measure employee engagement. In 2014, approximately 52,000 employees representing various functions and regions were invited to participate in the survey. In 2015, under the leadership of the new CEO, the results of the most recent survey were included when studying the streamlining of organizations in order to boost our performance.

Sanofi took first place in the list of Top Employers in France on Glassdoor for 2016. Glassdoor ranks the best employers in North America and certain regions in Europe. Rankings are decided by votes from employees and applicants.

In addition, in March 2015 Sanofi China was named the best employer in the “Pleasant Working Atmosphere” category by Randstad China.

#### 4.1.4. Training and career development

##### 4.A. Training and career development strategy

Training, personal growth and career development are crucial for bolstering our employees’ skills and nurturing in-house talent; these efforts play a vital role in our human resources strategy.

In recent years, the Sanofi human resources teams have introduced the One HR model in order to harmonize processes and practices across all our affiliates and activities. The recent roll-out of the Workday software solution enabled us to globalize and standardize our performance review and talent identification processes in order to instill a shared culture that promotes employee career development.

In order to foster this culture of learning and career development, we have adopted principles that recognize the crucial role that managers play in the development of their teams, namely through succession plans and internal mobility. In concrete terms, this involves regular discussions about performance, personal growth factors, career options and advancement opportunities. This approach aims to combine managerial support to measure skill acquisition with a training-based pedagogical method.

In 2015, the Group also laid the foundation for a comprehensive approach to professional development and leadership, including acquiring and managing talent as well as developing leadership and management skills, in order to optimize our initiatives and our operational efficacy.

##### 4.B. Achievements in 2015

###### 4.B.a. Key changes in our training offer and resources

In order to be successful, all companies in the healthcare sector must develop, acquire and strengthen professional skills. For this reason, we continue to expand our training offering. In recent years, we have developed in-house Academies and management training programs in various Group business units and regions.

In 2014, the Executive Compliance Committee tasked an in-house team with harmonizing and streamlining the many Group training management systems. Sanofi opted for the Software as a Service (SaaS) approach, which allows for updates to be made on an on-going basis, ensuring that employees always have access to the latest career development technology. After conducting a number of consultations, the final decision on the solution

is expected in 2016. For the planned 2017 roll-out, teams representing the Group’s different businesses and regions will help implement the new platform.

A single solution for the uniform management of worldwide training activities should enable Sanofi to boost employee career development by offering consistent and standardized programs on specific topics, ensuring robust reporting methods and expanding digital options (e-learning, social learning, mobile learning, etc.).

##### Expanding our training options: Sanofi Academies

Since 2011, Sanofi has created several Academies in the aim of maintaining adequate skills within our different functions by promoting specific training programs.

In light of the success of our first Academies (Legal, Finance, Human Resources, Information Systems, Procurement and HSE), we have established other Academies (Quality, Alliance Management, Diabetes Medical Affairs, LEAN, Supply Chain, etc.).

In 2015, there were 22 Academies, including the new Launch Excellence, Marketing and Market Access Academies to strengthen critical skills relating to new product launches. In parallel, the Biotech Campus and Dengue Academies were expanded. Sanofi continues to promote the professional development of its teams by offering certifications in instructional design.

The following are just a few examples of the Academies’ activities in 2015:

- Our Biotech Campus continues to offer training and skill development for employees who are directly or indirectly involved in our biotechnology activities and are interested in specializing in emerging technologies or updating, supplementing or refining their expertise. The Campus also offers training to all employees who are interested in finding out more about what biotechnology means to the Group today. It offers training for Industrial Affairs teams transitioning from traditional pharmaceutical activities to biotechnology. In 2015, 655 participants took part in the 34 available sessions for a total of 4,532 training hours;
- The LEAN methodology training offered through our LEAN Academy was expanded. This training, which focuses primarily on optimizing costs and the performance of our industrial processes, was extended to all our management processes. Worldwide, 1,631 employees have been trained on the different aspects of the LEAN methodology for a total of 64,944 training hours;
- The Market Access (MAx) Academy focuses on three pillars: building strategic market access capabilities, promoting a collaborative culture across the Sanofi in-house network (especially in the R&D, Marketing and Regulatory Affairs teams) and centralizing related knowledge. Thus, in addition to a comprehensive curriculum, a series of courses was created based on seven basic principles so that Sanofi can achieve

excellence in this area. In 2015, this resulted in 48 sessions being organized for more than 800 employees throughout the world; and

- The Launch Excellence (LEx) Academy was introduced in 2014 with the aim of enhancing the Group's new product launch capabilities. The Academy opened in 2015 and provided its first support materials and its own training sessions. Many LEx workshops have been held in the countries and regions where Sanofi operates in order to ensure that the teams possess and adopt a harmonized methodology.

### Maintaining our global leadership pipeline

In 2015, we went to great lengths to expand and roll out our leadership development offer:

- The Business for Tomorrow and Leading for Tomorrow programs helped over 190 senior managers develop

new approaches to lead and drive growth in a context of profound change (compared with 120 in 2014);

- The Evolution Center for Leadership enabled over 640 high-potential managers to review their careers and prepare to take their professional development to the next level (compared with 270 in 2014); and
- The Evolution Center for Excellence, launched in 2014, helped over 200 senior executives prepare robust plans to develop their leadership excellence (compared with 100 in 2014).

### 4.B.b. Training worldwide

Training data are presented below for five countries (Germany, Brazil, China, the United States and France), which account for 59% of Sanofi's workforce as of January 1, 2016 and can thus be taken as a representative sample.

Training data <sup>(1)</sup>	Germany	Brazil	China	United States	France
Total number of hours of training	314,094	159,158	368,254	721,262	554,739
Total number of participants <sup>(2)</sup>	477,902	50,461	170,712	407,898	82,802 <sup>(3)</sup>

(1) The data include all Sanofi entities in each of the five countries, except Brazil where Animal Health activities are not included.

(2) The total number of participants is higher than the total number of employees. When one employee takes part in three training sessions, this is counted as three participants.

(3) The number of participants was estimated.

**In Germany**, a total of 314,094 hours of training were provided in 2015 to 477,902 participants, representing an increase compared with 2014 (321,327). The average number of hours of training amounted to 0.66 hours per participant in 2015. This figure is low due to the many short training courses offered online.

**In Brazil**, a total of 159,158 training hours were provided in 2015 to 50,461 participants. The average number of hours of training amounted to 3.15 hours per participant. Of these hours, 77% (122,067 hours) were provided in-person and 23% (37,091 hours) took place online. The training activity increased by 23% compared with 2014 (132,930 hours).

**In China**, a total of 170,712 employees received 368,254 hours of training in 2015 covering professional skills (products, diseases, marketing, etc.) and soft skills and leadership (compared with 258,195 in 2014). With regard to in-person training, 276,540 hours were provided to 26,007 participants for an average of 10.63 hours per participant. With regard to online training, 91,714 hours were provided to 144,705 participants. Reporting procedures were modified in 2015 to comply with local rules, and the increase in hours of training compared with 2014 may be explained by more exhaustive reporting.

**In the United States**, a total of 721,262 hours of training were provided to 407,898 participants. The total number of

hours increased significantly compared with 2014 as a result of the changes to the structure and scope of the reporting (125,700 hours in 2014). The average number of hours per training for each participant was 1.7 hours, the result of the wide use of short online training sessions.

**In France**, 554,739 hours of training were provided to 22,357 employees in 2015, i.e., 82% of the workforce (compared with 74% in 2014). The average number of hours of training amounted to 24.8 hours per employee in 2015, which is more than in 2014 (21.2 hours).

### 4.1.5. Equal treatment

#### 5.A. Diversity policy

Diversity is one of the building blocks of our Corporate Social Responsibility. We created our Diversity Department, which reports to our Senior Vice President of CSR, in 2007, and we continue to harness the diversity of our workforce to drive innovative solutions that better address the needs of patients.

Our diversity policy outlines our principal commitments with regard to non-discrimination, equal opportunity and the promotion of diversity, as well as our commitment to monitoring the progress of the Group's initiatives on a yearly basis.

Our diversity policy is implemented through our network of Diversity delegates and partners. Outside France, this network comprises 73 Diversity delegates (69 in 2014) across more than 90 countries. These delegates translate Sanofi's group-wide policy into concrete measures adapted to the local context of our various affiliates. In 2015, the entire network was invited to take part in a two-day forum attended by 59 employees representing 30 countries. Our Diversity network in France comprises 32 Diversity and/or Disability delegates across all of our French sites.

In-house communications and building awareness among all Sanofi employees about the importance of this policy continued during global events such as International Women's Day, the International Day of Persons with Disabilities and during local events.

A Diversity intranet and the Group website (under "Our Responsibility") provide an opportunity to illustrate examples of best practices at our different affiliates and entities. Beyond our commitments, these practices cover a vast range of subjects and showcase a variety of complementary actions. The bimonthly publication *Diversity Breaking News* is distributed to our entire network and our partners.

### 5.B. Gender equality at work

The promotion of gender equality lies at the core of Sanofi's strategy, and onboarding more female talent is one of the Executive Committee's individual variable remuneration objectives. In 2015, we continued to uphold our commitment to promote gender equality at Sanofi. As of December 31, 2015, 45.5% of the Group's workforce and 40.3% of managers (whose duties involve supervising direct subordinates) were female (compared with 45.2% and 40%, respectively, in 2014) (see Section "4.1.1. Employment").

At the end of 2015, women represented 21% of the Group's 400 senior managers. Women represented 30% of the appointments announced as part of the new organization for 2016.

Since 2014, the Global Gender Balance network has operated through correspondents across all of Sanofi's regions and functions worldwide and helped implement local initiatives to promote gender balance and equality at work. The network is administered by six members, three of whom also sit on the Executive Committee. In 2015, the Sanofi network joined Cercle InterElles, providing a link to 12 other companies active in the tech world.

Several initiatives to promote gender balance and equality at work were introduced in 2015 for various countries and activities. For example:

- Support for organizations that promote gender balance: For the fifth consecutive year, Sanofi was a sponsor of the Women's Forum in Deauville, and a delegation of 24 men and women from the Group attended the event.

Since 2010, more than 150 employees have taken part and thus had the opportunity to act as ambassadors of this approach within the Group; and

- Sanofi affiliates organized many events:
  - International Women's Day was celebrated in over 35 countries with a variety of initiatives, including conferences and debates, employee meetings with management, examples of women's careers across the Group, promoting women's and gender balance networks, and information sharing through a variety of media;
  - Conferences and debates on the topic of gender balance with members of the Executive Committee and/or the Board of Directors: in Prague at our Generics division, in Paris on the theme of "Women in Finance," in Singapore on the theme of "Women and Science" and in Chilly-Mazarin on the theme of "Recognizing barriers to equality;"
  - In Germany, a second day devoted to gender balance, sponsored by a member of the Executive Committee, brought together nearly 120 managers ;
  - In Paris, a mentoring program involving more than 40 participants from the WoMen@Sanofi network was launched as a complement to the lunches and events held across Group sites in the Paris region;
- In Brazil, Sanofi was awarded the Pro-gender & Racial Equity Seal by the Federal government for our management of gender balance and our diversity policy;
- Sanofi Pasteur Colombia received *Equipares Silver* certification from the Ministry of Labor for promoting gender equality at work; and
- Sanofi in Morocco formed a committee to identify priority gender balance focus areas.

### 5.C. Employment and integration of people with disabilities

Sanofi continued its commitment to employing people with disabilities, placing a particular emphasis on the following goals, while ensuring respect for local cultures and compliance with local regulations:

- Priority support for employees with disabilities to ensure that they retain their jobs;
- Depending on the activity, the continued integration of employees with disabilities, regardless of the nature of their disability;
- Improved information and communication, as well as ongoing efforts to raise awareness about disabilities;
- Continued relations with specialized centers and disability-friendly structures; and
- Ongoing actions to improve accessibility to buildings and information.

### 5.C.a. Employment of people with disabilities

Employees with disabilities are always identified in line with local regulations, where applicable.

Sanofi employs a total of 2,252 people with reported disabilities in 44 countries (compared with 2,038 in 2014), including:

- 525 employees outside Europe, primarily in the United States (314 employees with disabilities), Brazil (122), Japan (39) and Egypt (39);
- 545 employees in Europe outside France (countries with more than 30 employees), primarily in Germany (393), Italy (83) and Turkey (37); and
- 1,182 employees in France (compared with 1,217 in 2014).

### 5.C.b. Initiatives in 2015

In France:

- Thirty sites organized events during Disability Employment Awareness Week in November 2015 (22 sites in 2014); and
- A new brochure, *Mémo Handicap*, was distributed to raise awareness among employees about different types of disability and the support available from the Group as part of the third agreement on disability in France (2013 – 2016).

Group-wide:

- We provided the affiliates with a kit to help prepare International Day of Persons with Disabilities events, including a video statement made by an employee living with a disability (part of the Good Morning Sanofi series of videos about diversity), an international version of the disability brochure and a list of recommendations; and
- Sanofi also continued its commitment to the issue of disabilities through the *Enfants de Sanofi* association. In 2015, 80 employees' children with disabilities in 23 countries received assistance involving healthcare, education, institutional care and family aid.

### 5.D. Other measures to promote diversity and equal opportunity

Sanofi has initiated projects to promote equal opportunity, prevent discrimination and foster a culture that is inclusive of all employees. Some noteworthy initiatives:

- The continuation of the Good Morning Sanofi program of videos created by and for employees. These portray the diversity of our personnel throughout the world in terms of, for example, cultural diversity, work-life balance, gender equality and minorities. Some 20 videos are accessible via the Group's intranet site as well as the Sanofi corporate website. The series will continue in 2016. This project was recognized in France at the 2014 Diversity Awards and the Green Awards Festival in Deauville;

- The diversity policy specific to Lesbian, Gay, Bisexual and Transgender (LGBT) individuals, which was put in place two years ago and aims to challenge stereotypes about sexual minorities, was recognized at the 2015 Diversity Awards in Paris;
- The integration of young people of all origins into the working world is an important issue for the future, and we are developing partnerships to meet this challenge. Internships, apprenticeships, work-study programs and International Corporate Volunteer Program (VIE) contracts all provide ways for businesses to help young people discover the working world and learn how businesses work (see Section "4.1.3.A. Social dialogue in France");
- In France, 83 employees took part in sponsorship initiatives focused on equal opportunity, with *Nos Quartiers ont des Talents* facilitating the process of entering the workforce, *L'institut Télémaque* supporting talented and motivated students from underprivileged backgrounds, and *Job dans la Ville* helping troubled young people find their place in society and begin their careers; and
- In the United States, employees may decide to take part in one of the nine Employee Resource Groups focusing on various topics. In 2015, two new groups were formed: Millennials Influencing Learning and Leadership, focusing on Generation Y, and CareGIVE, which helps caregivers by providing material and personal support to these employees.

### 4.1.6. Promotion of and compliance with International Labour Organization (ILO) Conventions

Sanofi's Social Charter and Code of Ethics (see Section "3.2.1. Rapport du Président – 2.B. Environnement de contrôle" of our *Document de Référence*; the Code of Ethics is available at [www.sanofi.com](http://www.sanofi.com)) set out employees' fundamental rights under the principles of the UN Global Compact and the relevant ILO conventions:

- Freedom of association and recognition of the right to collective bargaining;
- Abolition of all forms of forced labor;
- Abolition of child labor; and
- Elimination of discrimination in employment.

In addition to our Social Charter and Code of Ethics, Sanofi has established a Suppliers Code of Conduct, which also refers to the following ILO conventions:

- ILO Convention Nos. 138 and 182 on child labor;
- ILO Convention Nos. 29 and 105 on forced labor;
- ILO Convention Nos. 14 and 106 on weekly rest;
- ILO Convention Nos. 95, 131 and 135 on wages and employee benefits;

- ILO Convention Nos. 87 and 98 on freedom of association, protection of the right to organize and collective bargaining; and
- ILO Convention Nos. 100 and 111 on equal opportunity.

Three new policies relating to the freedom of association, the prohibition of forced labor and the abolition of child labor were approved and introduced in 2015. They seek to establish processes for identifying and controlling the risk of violations of these rights at the operational level. They require the implementation of processes involving due diligence and grievance mechanisms for potential victims.

For these policies, which also apply to working conditions in the Group's chain of subcontractors and with its suppliers, internal controls have been instituted with five specific points covering: compliance with the freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced labor, the abolition of child labor, and the promotion of diversity and well-being in the workplace.

Our Code of Ethics invites all Sanofi employees to report any doubt they may have regarding potentially illegal or unethical practices to their supervisor or the Ethics & Business Integrity Organization.

In addition, a targeted audit program for suppliers has been in place since 2007 (see Section "4.3.3. Subcontracting and suppliers").

## 4.2. Information on health, safety and the environment

Sanofi's methodology for reporting health, safety and environmental data is presented in Section "4.4. How corporate social responsibility information is reported: Methodological note."

### 4.2.1. General policy on health, safety and the environment

Sanofi's Health, Safety and Environment (HSE) Policy is established by the Group HSE Department, which oversees implementation of the policy throughout all our entities and sites worldwide.

Information relating to employee health and safety in 2015 is presented in Section "4.2.2. Health and safety in the workplace."

#### 1.A. Presentation of Sanofi's HSE policy

Sanofi's manufacturing and research operations are subject to increasingly stringent health, safety and environmental laws and regulations. These laws and regulations are complex and rapidly changing. Sanofi has implemented a worldwide master policy on health, safety

and the environment to promote respect for the environment and the health and well-being of the employees and contractors working on our sites. In 2015, we continued to promote the policy among our subcontractors, as we consider it to be an integral part of our commitment to social responsibility. In order to implement this master policy, 78 rules (policies) have been drawn up in the key fields of HSE management (21 rules), good HSE practices in the areas of safety in the workplace (13 rules), process safety (10 rules), industrial hygiene (12 rules), health in the workplace (8 rules) and protection of the environment (14 rules). Standards and methodology handbooks are developed for most of these rules, enabling them to be implemented at all Group sites and entities worldwide. The HSE Department verifies compliance with rules defined at the Group level through regular audits at sites and entities. Information relating to the audit process is set out in Section "1.C. Environmental audits and certifications" below. In addition, all assignments performed by the HSE Department (defining, implementing and verifying the application of the HSE policy) may be audited by the Sanofi Internal Audit Department.

#### 1.A.a. Occupational health

From the development of compounds to the commercial launch of new drugs, Sanofi research scientists continually assess the effects of products on human health, especially that of our employees. This expertise is made available to employees through committees responsible for chemical and biological risk assessments, which are used to determine appropriate risk prevention and protection measures for employees.

An in-house lab based in Aramon, France develops specific analytical methods for pharmaceutical products that enable us to monitor employee exposure via inhalation. All Sanofi sites have access to the lab, which received NF EN ISO/CEI 17 025 accreditation in 2014 by the French Accreditation Committee (COFRAC) for quantitative analyses of air samples taken at our sites.

Appropriate industrial hygiene practices and programs are defined and implemented at each site, in accordance with Sanofi's HSE rules. These practices essentially consist of containment measures and measures for individual and collective protection against exposure in all workplaces where chemical substances or biological agents are handled. All personnel are monitored through appropriate initial and routine medical programs, focused on the potential occupational health risks associated with their duties.

We thus take a multidisciplinary approach to protecting health in the workplace that involves more than relying on occupational health services.

Each site has appropriate internal and/or external medical resources, in compliance with local regulations. They also develop programs for preventing and identifying occupational health impacts in coordination with occupational hygienists.

In addition, specific resources are allocated to the implementation of the European Union regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). In compliance with the European CLP regulation on the Classification, Labeling and Packaging of chemical products and substances, we have registered the relevant chemical substances with the European Chemicals Agency (ECHA).

#### 1.A.b. Safety

Sanofi has rigorous policies to identify and evaluate safety risks and to develop preventive safety measures and methods for checking their efficacy. These policies are implemented on a worldwide scale to ensure the safety of all employees and to protect their health. Each project, whether in research, development or production, is subject to evaluation procedures, incorporating the chemical substance and process data communicated by the COVALIS and TRIBIO committees described above. The preventive measures are designed primarily to reduce the number and seriousness of occupational injuries and to minimize exposure involving permanent and temporary Sanofi employees as well as our subcontractors.

Risk assessments of processes and installations are drawn up according to standards and internal guidelines incorporating the best state-of-the-art benchmarks for the industry. Among other things, this process is used to assess compliance with regulatory obligations. Particular attention is paid to any risk-generating changes, such as process or installation changes, changes in production scale or transfers between industrial or research units.

Our laboratories that specialize in process safety testing, which are fully integrated into our chemical development activities, apply methods to characterize the substances produced (intermediate chemical compounds and active ingredients) and model the potential impact of leachable substances in the event of a major accident. In these laboratories, the parameters for qualifying hazardous reactions are also determined in order to define the parameters of the scale-up process from the development stage to industrial scale. All these processes ensure that our risk assessments are relevant.

We believe that the safety management systems implemented at each site, the hazard studies carried out and the risk management methods implemented, as well as our property insurance policies covering third-party physical damage, are consistent with legal requirements and best practices in the industry.

At the Group level, the French chemical manufacturing sites in Aramon, Sisteron and Vertolaye, France; the plants located at the industrial platform in Frankfurt am Main, Germany; and the chemical production site in Budapest, Hungary, are listed Seveso III (from the name of the European directive relating to potentially dangerous sites, providing a list of activities and substances and the associated classification thresholds). In accordance with French law on technological risk prevention, the three French sites mentioned above are subject to more

stringent safety inspections due to the toxic or flammable materials stored on the sites and used in their operating processes.

#### 1.A.c. Environment

The main objectives of our environmental policy are to prevent accidental pollution that may occur at production and research sites, minimize the use of natural resources and implement manufacturing techniques designed to reduce the environmental impact of our activities. In order to optimize and improve our environmental performance, we adopt a strategy of continuous improvement at all our sites through the annual implementation of HSE progress plans. We believe that this strategy clearly expresses the commitment of both management and individuals to health, safety and the environment.

In 2010, we made ambitious commitments to reduce CO<sub>2</sub> emissions, with the goal of decreasing scope 1 and 2 emissions by 20% between 2010 and 2020. We also set a goal for reducing water use, committing to reducing water withdrawal by 25% between 2010 and 2020. Our goals also include managing traces of pharmaceuticals in the environment; we set a goal of evaluating our chemical and biochemical manufacturing sites by the end of 2015 and determining the environmental thresholds for a priority list of compounds.

In 2015, we decided to enhance and broaden our environmental strategy to include the entire value chain, from raw materials purchases, R&D, manufacturing, transportation and distribution up through the end of the life cycle of our pharmaceuticals and our suppliers' value chain. The Planet Mobilization project was born out of the ambition to create a new environmental strategy. In 2015, a steering committee was formed under the leadership of the Sanofi General Secretary. It comprises members of the senior management and represents a number of Group functions, including Industrial Affairs, Corporate Social Responsibility, Procurement, Supply Chain, R&D and Communication. Planet Mobilization was introduced throughout the Group through a series of seven launch events in France, the United States and China and workshops where joint strategy decisions were made with company employees and within the steering committee. The development process will be completed in 2016, at which time the new environmental strategy will be defined, implemented and presented to stakeholders.

Our goal is to create a roadmap that will better integrate environmental issues into the Sanofi decision-making process, especially by taking into account the circular economy, the impact of climate change on our activities, and how the goods and services we provide are used. The aim is also to promote innovation, reduce costs and limit environmental impacts while taking social responsibility into consideration. Many initiatives carried out in recent years at Sanofi already address the challenges posed by the circular economy (see Sections "4.2.3. Environmental information – 3.A. Sustainable use of resources – 3.B. Climate change – 3.C. Pollution and waste management," below).

### 1.B. Organization of the HSE function within the Sanofi Group

The Group's HSE Department, active at all Sanofi sites, comprises more than 30 experts in the areas of the environment, industrial hygiene, industrial toxicology, workplace safety, fire safety, industrial risks and occupational medicine. It is responsible for establishing HSE policy and general objectives, coordinating and leading initiatives to meet these objectives, maintaining and developing expertise, and reporting on overall HSE performance to management.

The HSE function is organized as follows:

- The HSE Department is active at each of Sanofi's industrial and research sites, which represent around 140 sites (not including headquarters or administrative centers) as well as more than 700 employees who run and implement HSE programs at the sites; and
- Medical surveillance at the sites is provided by occupational physicians who are either employed full-time or part-time by Sanofi or by physicians who are members of inter-professional networks. They are assisted in their duties by occupational nurses.

The five European sites classified as Seveso III establishments have specialized response resources implemented by shift crews and employees who have received second response training.

Finally, each site establishes and maintains its own emergency response plan according to the risks to be prevented and the internal or external resources that would be implemented or requested in response to those risks.

The HSE Department relies on committees of in-house experts:

- A committee called ECOVAL assesses the environmental impact of the pharmaceutical agents found in products marketed by Sanofi. It has developed an environmental risk assessment methodology, in line with regulatory expectations, and runs programs to collect the necessary data for such assessments. Assessments have been conducted for products launched since 2006, in accordance with regulatory requirements. Sanofi exceeds current regulatory requirements by conducting additional environmental toxicity tests on products launched prior to 2006 to obtain additional data when the available data are insufficient. These tests have made it possible to supplement or update product assessments and determine the environmental risks resulting from their use by patients. In addition to these assessments, the HSE Department is working on more innovative environmental impact monitoring projects by testing new technologies available on the market or by developing scientific partnerships with academia;
- The Group's TRIBIO committee is responsible for classifying all biological agents according to their

degree of pathogenicity and establishing rules for their containment and preventive measures to be respected throughout the Group (see Section "3.1.8. *Facteurs de risque – 4. Risques industriels liés à l'environnement*" of our *Document de Référence*). This committee assesses the environmental risks associated with biological agents. Through audits, the committee ensures that environmental risks remain under control and in-house and international standards are met. The committee also helps develop training courses to maintain levels of expertise within the Group; and

- The COVALIS committee is responsible for assessing hazards and classifying all the pharmaceutical agents and intermediate chemical compounds handled at Group sites. This covers all the active ingredients produced at our sites or subcontracted to third parties. In addition, important issues involving raw materials or other substances that are not subject to regulatory workplace exposure limits are also reviewed. The committee establishes the applicable workplace exposure limits for the Group.

### 1.C. Environmental audits and certifications

Regulatory monitoring of developments relating to the environment, part of the HSE regulatory monitoring system, is performed for all of Sanofi's industrial and scientific activities in France. Affiliates with industrial and scientific activities in other countries also perform their own monitoring of regulatory developments relating to HSE. The Group HSE Department runs audit programs to assess compliance with local administrative and regulatory requirements and Sanofi's 78 HSE rules. These audits are conducted in order to:

- Help sites and activities define HSE priorities and action plans;
- Measure site performance with regard to Sanofi rules and regulatory requirements;
- Provide senior management with an objective and documented overview of the application of the HSE policy and performance of sites and affiliates;
- Identify, promote and organize good practices from sites and affiliates; and
- Verify the implementation of the components of the HSE management system and the HSE programs.

These HSE audits are performed throughout the year by three Sanofi Lead Auditors certified by the International Register of Certified Auditors (IRCA). They receive support from Group employees (88 in 2015) who generally conduct one audit per year (four to five days of HSE audits depending on the nature and size of the entity being audited). All these employees, who have recognized HSE experience, take a special training course on HSE audits. The program has been accredited by IRCA and leads to individual IRCA certification for some internal auditors (seven applications for certification submitted in 2015).

In 2015, in-house teams carried out 55 complete health, safety and environment audits at Group sites and pharmaceutical operations head offices. In addition, a total of 11 biosafety audits were conducted by in-house experts. Moreover, 133 loss prevention technical visits and 63 specific audits were conducted with the assistance of technical experts from Sanofi's insurers.

In addition to internal verifications and audits, Sanofi sites are also subject to regular inspections by local authorities and regulatory verifications by third parties with respect to specific concerns. We also believe that we are in substantial compliance with current HSE laws and regulations, and that all environmental permits required to operate our facilities have been obtained.

Through our HSE policy and internal audits, we encourage adherence to our HSE standards, which are specifically tailored to Sanofi's activities. By complying with these standards, sites may, if they wish, obtain official recognition of their commitment through international certifications (ISO 14001, ISO 50001, OHSAS 18001, etc.).

Environmental indemnification in 2015 was immaterial.

#### 1.D. HSE Training and communications for employees

Sanofi invests in training that is designed to incorporate environmental protection into all our professional activities. Training on environmental protection is an integral part of our overall HSE approach.

Upon hiring, all Sanofi employees receive HSE training adapted to their position enabling them to perform their duties in strict compliance with HSE rules. Depending on their jobs, employees may also take other training modules specifically related to their position (for example, eco-driving for medical and other sales representatives, chemical risks for employees who work with chemical products, etc.).

Also in 2015, the HSE Department continued to develop the HSE Academy established in 2012, which provides HSE culture training modules for all managers and employees (see Section 4.2.2.).

#### 1.E. Measures to prevent environmental risks and pollution

Investments and operating expenses devoted to preventing environmental risks and contamination are included in the investments and expenses incurred in respect of implementation of the Group's HSE policy.

HSE operating expenses totaled €220 million in 2015, including payroll expenses for HSE staff, consumables, energy and labor at treatment installations, the cost of waste treatment and recycling, environmental taxes, studies and audit services.

Sanofi continued a forward-looking "Ten-year strategic plan for the environment" for all Group chemical and biochemical sites. Under the plan, the different environmental challenges for each site, including both

regulatory issues and factors associated with the local context, are outlined and prioritized. This information is then used to determine the resources required for managing the identified risks. The action plans and proposed investments based on the conclusions of this approach are progressively implemented and monitored.

#### 1.F. Provisions for environmental risks and remediation

Applicable environmental laws and regulations may require Sanofi to eliminate or reduce the effects of chemical substance discharge at our various sites. The sites in question may belong to the Group, be currently operational, or they may have been owned or operational in the past. In this regard, Sanofi may be held liable for the costs of removal or remediation of hazardous substances on, under or in the sites concerned, or on sites where waste from activities has been stored, without regard to whether the owner or operator knew of, or under certain circumstances, caused the presence of the contaminants, or at the time site operations occurred, the discharge of those substances was authorized.

As is the case for a number of companies in the pharmaceutical, chemical and intense agrochemical industries, soil and groundwater contamination has occurred at some Group sites in the past, and may still occur or be discovered at others. In Sanofi's case, such sites are mainly located in the United States, Germany, France, Hungary, the Czech Republic, Italy and the United Kingdom. As part of a program of environmental audits conducted over the last few years, detailed assessments of the risk of soil and groundwater contamination have been carried out at current and former Group sites. In cooperation with national and local authorities, Sanofi regularly assesses the rehabilitation work required and carries out such work when appropriate. Long-term rehabilitation work is in progress or planned in Mount Pleasant, East Palo Alto and Portland in the United States; Barceloneta in Puerto Rico; Frankfurt in Germany; Brindisi and Garessio in Italy; Dagenham in the United Kingdom; Ujpest in Hungary; Prague in the Czech Republic; Beaucaire, Valernes, Limay, Rousset, Romainville, Neuville, Vitry, Tours and Toulouse in France; and at a number of sites divested to third parties and covered by contractual environmental guarantees granted by Sanofi.

Sanofi may also have potential liability for investigation and cleanup at several other sites. Sanofi has established provisions for the sites already identified and to cover contractual guarantees for environmental liabilities for sites that have been divested. In France specifically, Sanofi has provided the financial guarantees for environmental protection required under French regulations.

Potential environmental contingencies arising from certain business divestitures are described in Note D.22.e to the consolidated financial statements. In 2015, Sanofi spent €63 million (including €0.4 million in connection with the Animal Health activity that is to be traded) on rehabilitating sites previously contaminated by soil or groundwater pollution.

Due to the changes in environmental regulations governing site remediation, Sanofi's provisions for remediation obligations may need to be reevaluated as a result of the multiple factors involved. These include the complexity of operational or previously operational sites, the nature of claims received, the rehabilitation techniques considered, the planned timetable for rehabilitation, and the outcome of discussions with national regulatory authorities or other potentially responsible parties, as in the case of multiparty sites. Given the long industrial history of some of our sites and the legacy obligations arising from the past involvement of Aventis in the chemical and agrochemical industries, it is impossible to quantify the future impact of these laws and regulations with precision (see Section "3.1.8. Facteurs de risque – 4. Risques industriels liés à l'environnement" of our *Document de Référence*).

Sanofi has established, in accordance with our current knowledge and projections, provisions for cases already identified and to cover contractual guarantees for environmental liabilities relating to sites that have been divested. During the year, a comprehensive review was carried out on the legacy of environmental pollution. In light of data collected during this review, we adjusted our provisions to approximately €720 million as of December 31, 2015 (including €12 million relating to the Animal Health activity that is to be traded), compared with €696 million in 2014. The terms of certain business divestitures, and the environmental obligations and retained environmental liabilities relating thereto, are described in Note D.22. to our consolidated financial statements. In accordance with Group standards, these provisions are reviewed twice a year and updated in light of new information, if applicable.

## 4.2.2. Health and safety in the workplace

### 2.A. Policy and initiatives in 2015

A number of initiatives launched in 2012 were pursued to ensure comprehensive monitoring of occupational health and safety conditions.

#### 2.A.a. Collective agreement

A new agreement concerning the creation of an occupational health department at Sanofi in France was signed in November 2014, approved in November 2015 and subsequently implemented.

In light of the opportunities created by occupational health reforms (especially the French Act of July 20, 2011 and the decrees of January 30, 2012) and taking into account the plans to bring employees from different Group legal entities together at new sites (the Sanofi Val de Bièvre Campus and Sanofi Lyon Campus projects), Sanofi wished to implement a new occupational health structure. The goal is to create a sustainable system that both anticipates and adapts to the new geographical distribution of employees. It also contributes to optimizing medical time management.

The aim is to standardize medical surveillance for Group employees by developing medical coordination while respecting the independence of occupational physicians. This also involves making it easier to devise training plans for medical teams and bringing together all those who contribute to health and quality of life in the workplace. We constantly strive to protect the physical and mental health of our employees in accordance with the principles and fundamental values in the agreement of December 21, 2009 relating to occupational health at the Sanofi Group in France.

#### 2.A.b. Special training on health and safety issues: the HSE Academy

In 2015, about 4,824 employees received training through the HSE Academy, which groups together HSE training programs proposed and approved by the HSE Department (regulatory training not included).

The principal training initiatives during the year included the following:

- Various HSE culture training modules continued to be offered primarily at Genzyme, Merial, Sanofi Pasteur and Sanofi Chimie, providing training for 251 employees. A total of nearly 8,151 managers have taken part in the program since it was launched in 2003;
- Road safety, see Section 2.A.d.;
- HSE management and leadership training sessions were developed for the following employee categories:
  - Group employees who perform HSE audits; these training sessions may lead to certification from the International Register of Certified Auditors (IRCA);
  - Site directors and management committee members: A total of 41 employees followed the European Centre for Executive Development's Safety and Leadership (CEDEP) program in 2015 (for a total of 141 since the start of this training); and
  - Site managers: In 2015, 276 managers in France, Argentina, Mexico, Canada, China, India, Thailand and Germany participated in the Human Organizational Management for Safety (HOMS) program, which has been offered in France since 2012;
- We continued our efforts to reinforce employees' industrial hygiene capabilities on-site through training modules offered by the Occupational Hygiene Training Association (OHTA). In addition to modules W201 (Basic Principles of Occupational Hygiene), W505 (Control of Hazardous Substances) and module W506 (Ergonomics Essentials), module W501 (Measures against Chemical Exposure) was offered. Since 2012, 189 people have taken these training modules for a total of 279 weeks of courses and testing on every continent. At the end of this multi-year training program, employees are eligible to receive an internationally recognized diploma; and

- The three biosafety training programs were offered to employees at sites exposed to biological risk:
  - Basic module (7h);
  - Bio Safety Officer (BSO) training program (36h); and
  - Program for quality control lab staff (3h).

Worldwide, 154 employees participated in these three programs.

### 2.A.c. Initiatives to prevent occupational injuries

#### Prevention of serious and potentially serious accidents

In 2015, we bolstered our preventive initiatives through training and the development of a methodology to analyze the root causes of serious and potentially serious accidents. The goal is to prevent future occurrences of these events and to progressively develop a safety culture for all Sanofi employees, employees of independent contractors and temporary employees.

#### 2.A.d. Road safety training

In 2015, Sanofi continued its commitment to road safety. During the year, our accident rate reached a ten-year low thanks to training efforts in the majority of countries where we operate. In all, we offered nearly 50,000 hours of training in road safety this year. Web-based training modules specifically designed to meet the individual needs of medical sales representatives were put in place in around 15 countries (including Algeria, Germany, Australia, Russia and Vietnam), covering nearly 3,500 drivers. Brazil and Mexico developed their own web-based training systems. China trained more than 3,700 drivers in theory-based sessions. Hands-on training courses offered every three years help sales forces to improve their techniques for emergency braking and driving in slippery conditions, and to better assess safe following distances, while practicing on a closed track in a safe environment. Defensive driving training was continued in the countries where it was already offered, as well as in Malaysia and Venezuela.

Sanofi has renewed its endorsement of the European Road Safety Charter, with the following three commitments: to continue and further develop hands-on training, to join the Good Practices label program for road safety, and to analyze road accidents with the aim of identifying corrective measures. The European Commission recognized Sanofi's efforts with the Excellence in Road Safety Award.

Sanofi's HSE Department worked closely with the affiliates to carry out in-depth analyses of serious and potentially serious accidents in order to improve our prevention policy.

In April 2015, during a ceremony at the *Carrousel du Louvre* in Paris, the Road Safety Committee presented awards for exemplary performance to medical sales representatives in Canada, Finland and the United States;

to the sales representatives regional heads of Brazil, India, the United Kingdom and Ukraine; and to the HSE managers of Egypt, the Philippines and Spain.

#### 2.A.e. Preventive health program for employees

Take Care & Bwell, Sanofi's employee wellness and prevention program initiated in 2012, aims to promote healthy lifestyles and prevent or delay the onset of chronic disease by focusing on three pillars: a balanced diet, regular physical activity and prevention of chronic diseases through measures developed with the help of in-house and outside experts.

In 2015, an assessment of the impact of targeted interventions on employee behavior carried out with the help of academic experts during the pilot program launched in 2013 at the Group headquarters found significant changes in employee behavior (making better diet choices, taking the stairs more often, etc.). This pilot program helped identify the most effective interventions that can now be introduced at other sites.

At the end of 2015, the program had already been rolled out in 30 countries in Europe, Asia-Pacific, Africa, South America and North America. In France, the deployment was completed at the La Boétie, Montpellier, Vitry R&D and Val de Reuil sites, and is in progress in Lyon and at the new Gentilly site. Sanofi's goal is to continue expanding the program by supporting sites as they implement good practices and track changes to employee behavior while also promoting the use of e-health tools. In light of this, the program was recognized in September 2015 by EIT Health (European Institute for Innovation and Technology) and will receive financial support in 2016 to develop e-health tools recognized for their scientific value and positive impact on employee education.

Sanofi also made commitments at various levels in 2015 by signing two charters: *Bouger en Entreprises* for the Montpellier site and *Etablissements Actifs* from France's national program for health and nutrition (PNNS) for the Montpellier and Chilly-Mazarin sites. In August 2015, Sanofi China was awarded CEO Cancer Gold Standard-China accreditation, recognizing the Group's commitment to reducing the risk of cancer for employees and their family members. Sanofi was the first company to receive this accreditation in China.

#### Occupational health in a changing environment

Under the leadership of the Workplace Health Committee created in 2010, Sanofi continued to introduce initiatives to prevent psychosocial risks (PSR) across the Group's French sites. In 2014, 96% of French sites were covered by the Group's Stress Observatory, which was modified to reduce the lag time between the release of findings and the introduction of action plans. The results from this observatory are scheduled to be released in the first half of 2016.

In April 2015, more than 120 individuals from all the Sanofi sites in France (such as site managers and HR directors, HSE managers, occupational physicians, nurses, social workers, representatives from the Health, Safety and Working Conditions Committee, or CHSCT) gathered at the Chilly-Mazarin R&D site in France for the fourth annual Occupational Health and Quality of Life Day organized by the Human Resources Department for France in partnership with the HSE – Occupational Health Department.

Occupational health was addressed through the lens of supporting change. Many local initiatives were showcased (training management on PSR and well-being in the workplace, groups focusing on analyzing practices centered on human and organizational factors, initiatives put in place to develop protective factors and raise awareness about all aspects of occupational health, co-development groups for HR representatives, working and support groups, etc.).

The mental health training program for the occupational health teams at sites in France is ongoing with 75% of the medical personnel now trained to prevent burnout and suicidal crises.

In 2015, a new training program to prevent occupational risks linked to addictive behaviors was implemented; 53% of occupational health personnel have now received this training.

Internationally, for the first time China developed a De-Stress Program to assess the psychological burden on

employees caused by stress, based on recommendations from Key Medical Doctors (KMDs), the coordinating regional physicians for occupational health. In the United States, a new medical surveillance program for occupational risks met its goal of reaching 97% of employees.

### 2.A.f. Learning from experience (LEX)

Learning from experience is a continuous improvement initiative coordinated by the HSE Department. Its purpose is to examine past events, both positive and negative, in order to analyze (in ordinary situations or impaired conditions) how practices and prevention systems intended to protect people and property actually operate, and offer suggestions to make them more effective.

Learning from experience is carried out through the use of PRESS sheets (prevention by learning from Sanofi experience), which contain an analysis of major safety and environmental incidents, immediate corrective actions taken and areas of improvement. Videos are also available to facilitate manager training on the topic of managerial safety inspections.

LEX reports are also circulated throughout the Group. Incidents within the Group were used as examples for training on in-depth incident analysis (87 employees attended 10 training sessions in 2015).

Discussions with site HSE managers are held during seminars (in Asia and Brazil) in order to strengthen HSE managerial practices and learning from experience.

## 2.B. Health and safety indicators

### Occupational injuries

Lost time injury frequency rate*	2015	2014
<b>Sanofi employees:</b>		
France	3.7	4.2
Worldwide	1.7	1.9
<b>Distribution of worldwide rate by function:</b>		
Industrial Affairs	1.5	1.9
Vaccines	2.7	3.2
Genzyme	1.3	1.3
Merial	3.0	3.1
Research and Development	1.4	1.7
Global Operations	1.5	1.6
Support Functions	1.7	0.8
<b>Independent contractors</b>	2.7	3.0

\* Number of accidents resulting in lost time of one day or more within a 12-month period, per million hours worked. For non-mobile personnel, accidents occurring during the home-workplace commute are not included in this indicator. However, they are included for medical sales representatives, in accordance with reporting rules. To obtain comparative data, the figures for 2014 have been restated for the scope of the Group at the end of 2015.

The lost time injury frequency rate for Group employees decreased by 10.5% in comparison with 2014 and was 19% lower than in 2010.

In France, the lost time frequency rate for Sanofi employees was 3.7%, which represents an 11.9% decrease over 2014 and a 15.9% decrease compared with 2010. The Sanofi frequency rate was much lower than the national average, which was 22.9%<sup>1</sup> (2014 data). This means that out of 170 Group employees, approximately one experienced an occupational injury, whereas the French national average is around one out of 30 employees (2014 data).

The lost time injury frequency rate for Vaccines, Industrial Affairs, R&D, Meril, Global Operations and independent contractors improved over the rate from 2014. The frequency rate for Genzyme employees remained on the same order of magnitude as in 2014 and the frequency rate for Support Functions increased, though it remained low.

Sanofi decided not to publish the severity rate calculated according to the criteria defined by French regulations. Because this rate is calculated solely on the basis of the number of days of lost time, it does not reflect the actual severity of injuries from an international standpoint. In other words, for a given injury, the number of days of lost time may vary considerably from one country to another depending on the applicable regulations and compensation systems. As a result, Sanofi has decided to publish the total occupational injury frequency rate. This indicator takes into account occupational injuries with and without lost time, i.e., all serious accidents, thereby avoiding the variations due to regulatory contexts specific to each country, as mentioned above. The total occupational injury frequency rate for the Group decreased by 9.7% compared with 2014.

Total occupational injury frequency rate	2015	2014
<b>Sanofi employees/ Worldwide</b>	2.8	3.1

Moreover, in 2013 Sanofi's HSE Department defined criteria for the potential severity of occupational accidents to better target the actions to be implemented to reduce the number of potentially serious accidents and take into account human and organizational factors in an in-depth

analysis of these incidents. The ultimate aim is to focus the Group's efforts on ways to prevent potentially severe injuries, rather than reacting after accidents occur. Potentially serious accidents are systematically identified, reported and, since January 2014, thoroughly analyzed.

#### Occupational diseases

Occupational diseases and their causes are divided into categories according to the CEFIC (European Chemical Industry Council) classification system. More than one occupational disease may be reported for a single individual.

For the purposes of prevention, the number of occupational diseases is consolidated for the entire Group each year in order to progressively improve the information reported in accordance with local regulations, which may vary greatly from one country to the next.

As of December 31, 2015, 25 occupational diseases were reported for all sites in France. At the global level, 36 occupational diseases were reported in 2015, essentially in France and North America, where reporting and recognition systems are well-established and readily accessible.

Recognition of the occupational nature of a disease in France may require rather lengthy investigations (lasting more than six months). For this reason, as of January 19, 2016 in France, out of 25 reported occupational diseases, four were recognized as such. In comparison, out of ten reported occupational diseases in North America, ten were recognized and in Germany the one reported occupational disease was not recognized.

The leading cause of occupational diseases at Sanofi is musculoskeletal disorders, which accounted for 79% of occupational diseases in 2015, and for which we have introduced a number of preventive initiatives.

<sup>1</sup> Occupational injury risk; statistics for accident occurrences in 2014, according to France's NAF industry classifications, p. 9 published November 2015 by the National Health Insurance Fund for Employees (CNAMTS), available here: [http://www.risquesprofessionnels.ameli.fr/fileadmin/user\\_upload/document\\_PDF\\_a\\_telecharger/etudes\\_statistiques/AT2014/IAT%202014-%20par%20NAF%20\(n-2015-224\).pdf](http://www.risquesprofessionnels.ameli.fr/fileadmin/user_upload/document_PDF_a_telecharger/etudes_statistiques/AT2014/IAT%202014-%20par%20NAF%20(n-2015-224).pdf)

### 4.2.3. Environmental information

#### 3.A. Sustainable use of resources

##### 3.A.a. Water consumption

Water utilized during manufacturing (for fermentation in particular) and heat exchange processes (cooling without product contact) is essentially drawn from available waterways and groundwater. Specific operating measures aimed at managing water use effectively and reducing

(m <sup>3</sup> )	2015	2014
Withdrawal of surface water (lakes, rivers, etc.)	15,011,962	14,277,192
Withdrawal of groundwater	24,085,427	21,241,291
Withdrawal of water from public supply	9,322,729	8,989,002
<b>Total</b>	<b>48,420,118</b>	<b>44,507,485</b>

We have taken on the ambitious goal of reducing water consumption by 25% between 2010 and 2020. In 2015, the Group reduced water consumption by 14.8% compared with the reference year (2010).

##### 3.A.b. Water supplies and local constraints

Water is needed for many of the steps to produce medicines and vaccines, and Sanofi is committed to responsibly managing this vital resource, particularly in areas where water supplies are limited.

Our internal HSE standards require all Group sites to create and follow a water management plan. In addition, our internal rules require any sites that are potentially concerned by water scarcity to establish and comply with a plan for reducing water consumption that is tailored to the site's local context and industrial characteristics. This reduction plan must set appropriate goals for reducing water consumption and specify how they will be monitored, as well as any specific investments.

All sites for which there is insufficient knowledge of the local water context or that consume more than one million m<sup>3</sup> per year must perform an appropriate study in order to determine and document whether water scarcity is a possibility. These sites are asked to conduct in-depth studies on the local water supply situation.

In 2014, we revised and fine-tuned our approach at potentially water-sensitive sites, taking into account the absolute volume of water withdrawn by the site, absolute conditions of water stress and relative water scarcity affecting the site locally.

In 2015, further investigation, comparisons with local internal data and a comprehensive external review enabled us to fine-tune our list of sites potentially at risk of

consumption (moderation and recycling) continued. Nevertheless, the Group's water withdrawal increased by 8.67% in 2015 over 2014. This rise resulted primarily from an increased need for water at the Elbeuf site where major fermentation processes take place. An open loop cooling system is used, so that all the water that is withdrawn is returned to the alluvial water table. This limits the impact on bodies of water, according to studies performed by an expert consultant and according to the authorities whose prior approval was requested.

experiencing water scarcity and those where additional studies are needed at the local level to confirm the situation.

In all, 13 sites accounting for 20.5% of Sanofi's total water use in 2015, appear to be affected by a water supply issue and additional studies are needed at the local level for 13 other sites (accounting for 7.4% of the Group's water use).

In addition, three other sites that use more than one million m<sup>3</sup> of water per year must demonstrate that this level of water use is acceptable at the local level (These sites account for 24% of the Group's water use.).

In 2015, special studies on water resources and/or internal site use were launched (e.g., at the vaccines site in Toronto, Canada and the site in Vertolaye, France). Similarly, an in-depth study of regional water resources was conducted with a world-renowned expert in the context of studying the expansion of production at the Shanta site in India. This study provided information about the local context and confirmed the sustainability of the water resource. The findings of these investigations enabled us to remove both sites in question from the list of sites that could potentially experience water scarcity. In the context of the tensions over water supplies in the area around Sao Paulo, Brazil a special monitoring mechanism has been implemented.

A four-year working plan was established at the end of 2015 for all 29 of these sites.

Sanofi has been an active participant in the CDP's Water Questionnaire program since its inception. The official ratings awarded Sanofi a B score for 2015 (for 2014 data), which puts the Group above the sector average and highlights the overall soundness of our water policy.

### 3.A.c. Energy consumption

Energy is used directly for the implementation of our production processes, to operate environmental protection facilities, and for air conditioning in buildings in order to

GJ (Gigajoules)	2015	2014
Natural gas	8,707,641	8,516,725
Electricity	6,840,753	6,764,148
Coal	38,700	64,476
Liquid hydrocarbon fuel (not including methanol)	288,097	264,259
Renewable fuels	76,677	71,521
Other (steam, thermal fluids, cooling water, compressed air)	1,390,911	1,317,069
<b>Total</b>	<b>17,342,779</b>	<b>16,998,198</b>

Renewable energy accounted for 8.4% of Sanofi's total energy consumption in 2015 and remained stable compared with 2014 (8%). It includes, for each country, the percentage of purchased electricity generated from renewable sources as well as consumption of thermal fluids from renewable sources (geothermal energy) and biomass for heat generation.

### 3.A.d. Measures to improve energy efficiency and the use of renewable energies

The Group applies a comprehensive strategy to address the challenges of climate change and a limited supply of fossil fuels. The Group's overall strategy is discussed in Section "3.B. Climate change."

Our strategy focuses on three goals:

#### Reduced consumption

An energy conservation program has been implemented at all our sites with a specific focus on air treatment systems, which ensure high-quality production environments. These systems are some of the largest users of energy, accounting for up to 70% of energy consumption at certain pharmaceutical and vaccine manufacturing sites. In 2013, Sanofi signed a three-year collaboration agreement with Schneider Electric to deploy energy performance management tools and carry out feasibility studies in key technological fields such as air treatment, the production and distribution of electricity, heat and cooling, as well as the development of renewable energies.

Our energy efficiency approach impacts all our activities, affecting industrial facilities as well as vehicle fleets for medical sales representatives and the mode of transport we use for product transportation and distribution.

#### Optimized consumption

We develop the best available equipment at our industrial sites, factoring in the total cost of equipment ownership, particularly equipment with the highest proportion of energy costs (engines and lighting). In 2012, Sanofi

ensure compliance with good pharmaceutical manufacturing practices and provide good working conditions for employees. Energy consumption rose by 2% compared with 2014, particularly due to increased activity at Group plants.

entered into a master service agreement with Cofely for the construction of high efficiency cogeneration units and/or heat production units powered by renewable energy at Sanofi sites in Europe. This will help reduce the sites' overall fossil fuel consumption. In 2013, the term of the agreement was extended to 2017 and its scope was expanded to include sites located in China, Latin America and North America. Cogeneration units continued to be installed in 2015 at four sites in Italy (Origgio, Anagni, Brindisi and Scoppito) as well as in Cologne, Germany.

#### Alternative consumption (using renewable energies)

As part of our strategy to reduce greenhouse gas emissions, we conduct regional assessments relating to the use of renewable energies, based on risk/opportunity analyses (risk of supply shortages versus opportunities offered by government incentives).

Progress toward these three strategic goals (reduced consumption, optimized consumption and alternative consumption) is monitored through extensive, detailed energy consumption measurements that are used to assess our performance.

Launched by the Group over ten years ago to coordinate efforts at all our industrial and R&D entities, the Sanofi Energy Network is now fully operational. This expert network meets twice a year for Energy Days, generally at an industrial site, to share the company's strategic vision for energy and possible ways to improve operating methods with Group specialists around the world. In addition, these events provide an opportunity to discuss good practices, talk about any technical problems and monitor progress.

All our industrial activities have an Energy Network task force. These groups meet at least once a year to set goals and establish action plans for their activity to reduce energy consumption and meet CO<sub>2</sub> emissions objectives. Energy managers and/or energy specialists have also been appointed at each site.

### 3.A.e. Consumption and optimization of raw materials

Solvents, primarily used for the synthesis and formulation of active pharmaceutical ingredients (essentially solid forms), have the greatest environmental impact. We have established recommendations for proper use at the Group level, and solvents are selected or substituted based in particular on the degree to which they help reduce health, safety and environmental risks.

Solvents used in the production process are either purchased (consumed quantities) or regenerated at Sanofi

(Tons)	2015	2014
Solvents used	190,016	178,483
Percentage of regenerated solvents	65.32%	65.45%

### 3.A.f. Land use

Land use is not a major issue at Sanofi. Only our developed property has an impact on land use, which is considered very limited compared with other industries. The limited impact of our activities on land use and any indemnifications resulting therefrom are detailed in Section "4.2.1.F. Provisions for environmental risks and remediation."

## 3.B. Climate change

### 3.B.a. Greenhouse gas emissions

Sanofi's strategy to address energy and climate change challenges focuses on three key areas: energy consumption, greenhouse gas emissions and energy spending. Aware of the dwindling supply of fossil fuels and the impact of their use on climate change (conversion of fossil carbon into atmospheric carbon), we have made it a priority to reduce scope 1 and 2 greenhouse gas emissions by 20% by 2020 (not including vehicle fleets for medical sales representatives) on a like-for-like basis compared with 2010. This goal is being pursued by all our industrial and R&D sites through a specific policy aiming to improve energy efficiency and the use of renewable energies. The measures taken by the Group are detailed in Section "4.2.3.A.d. Measures to improve energy efficiency and the use of renewable energies."

(Tons CO <sub>2</sub> e <sup>(1)</sup> )	2015	2014
Direct emissions: Fuel (Scope 1 – not including vehicle fleets for medical sales representatives)	464,199	454,227
Indirect emissions: Production of electricity and other forms of energy (Scope 2)	610,239	625,806
<b>Total</b>	<b>1,074,438</b>	<b>1,080,033</b>

(1) CO<sub>2</sub> e = CO<sub>2</sub> equivalent.

In addition to measures taken to reduce our energy consumption (fossil fuels and electricity), we have also taken measures to decrease work-related travel. Videoconferencing rooms have been installed, allowing multi-site meetings to be held without systematically requiring employees to travel.

Sanofi encourages process optimization, regeneration when possible, and incineration with energy recovery in an effort to reduce consumption of non-renewable raw materials.

In 2015, the quantity of solvents used by Sanofi increased by 6.4% over 2014 and is consistent with developments in the Group's chemical production. The solvent regeneration rate remained high and stable (65%).

The combustion of natural gas and liquid hydrocarbons releases carbon dioxide into the atmosphere (direct emissions). The European CO<sub>2</sub> Emissions Credit Trading Scheme (ETS), established in accordance with the Kyoto Protocol, concerns seven of our European industrial sites for the 2013-2020 period.

Electricity consumption generates emissions qualified as indirect for the suppliers that provide electricity for our sites. These emissions are calculated based on emission factors published by the International Energy Agency (for countries other than the United States) and the GHG Protocol (for the United States). Indirect emissions resulting from purchased utilities are included in indirect emissions for each site. Although emissions from the transportation of materials are not included in this total, efforts made since 2009 to reduce such emissions were continued in 2015 (development and continued use of barges and maritime shipping as an alternative to road and air transportation).

In line with changes in energy consumption (fossil fuels and electricity), total direct and indirect CO<sub>2</sub> emissions remained essentially unchanged (down 0.5%) compared with 2014 levels. Compared with the reference year for Sanofi's new objective (2010), direct and indirect (scope 1 and 2) emissions from manufacturing and research sites (not including vehicle fleets) decreased by 15.8% overall.

### 3.B.b. Adapting to the consequences of climate change

Extreme weather caused by climate change could present a risk to both our production facilities and our distribution chain, right up to delivery of our products to patients. To guard against these risks, our facilities are constructed to the highest standards, using state-of-the-art engineering techniques and taking maximum constraints into account in the design phase. In addition, during site visits, technical experts from the Group's insurers issue recommendations for dealing with extreme weather conditions, such as putting in place an emergency plan for flood risks. Risks related to natural disasters are also taken into consideration in Sanofi's crisis management plan, across all levels of our production sites and supply chains.

### 3.C. Pollution and waste management

#### 3.C.a. Measures to prevent and reduce air, water and soil pollutants with a serious impact on the environment

##### Air emissions

Controlling volatile organic compound (VOC) emissions from drug synthesis and manufacturing activities is a critical priority for Sanofi. Steps to control these emissions are integrated into each stage of product development, from research to production:

- Reduced use of organic solvents thanks to green chemistry techniques and key process performance indicators used by our R&D teams;
- Reduced point-source emissions through specific adjustments in manufacturing processes and maximum solvent containment; and
- Because manufacturing processes and equipment are never completely isolated from their environment, residual VOC emissions are captured and treated at special treatment facilities using the best available techniques for the specific physico-chemical properties of the VOCs emitted (cryogenic capture, gas scrubbers, thermal oxidizers, etc.).

In 2015, Sanofi paid particular attention to sites with the highest VOC emissions. VOC emissions data (2014 calendar year) were collected by sending a specific questionnaire to sites consuming more than five tons of solvents as reported in 2014, or 68 sites in all. The total VOC value is estimated at 3,336 tons.

In addition to carbon dioxide (CO<sub>2</sub>), local pollutants such as sulfur oxides (SO<sub>x</sub>) and nitrogen oxides (NO<sub>x</sub>) are generated by combustion. Most boilers have been converted from coal or fuel oil (energy resources that emit SO<sub>x</sub>) to natural gas.

Only SO<sub>x</sub> emissions related to coal and fuel oil combustion are presented. Besides the coal used to produce electricity for emergency generators at a single site located in China, fuel oil is essentially used to produce electricity for emergency generators (and a few minor uses for heat production). The 7.6% increase in Sanofi's SO<sub>x</sub> emissions between 2014 and 2015 is primarily linked to the use of

emergency power generators that run on fuel oil following recurring outages on the national power grid affecting our vaccine production site in Shantha, India. SO<sub>x</sub> emissions related to the use of coal decreased by 40%.

Nitrogen oxides (NO<sub>x</sub>) are released during the combustion of liquid and gaseous fuels.

NO<sub>x</sub> emissions from manufacturing processes – of little significance in comparison with emissions from combustion facilities – are not included in the consolidated data. The table below presents annual emission volumes resulting from hydrocarbon combustion, based on emission factors. NO<sub>x</sub> emissions increased by 1.6% between 2014 and 2015, having remained largely unchanged due to the decreasing use of coal despite the 9% increase (in power) of hydrocarbon consumption.

(Tons)	2015	2014
Direct SO <sub>x</sub> emissions	284	264
Direct NO <sub>x</sub> emissions	308	303

##### Wastewater discharge

Industrial effluent wastewater is treated either on-site at our in-house facilities or at municipal water treatment plants under agreements signed with plant operators. The data reported correspond to effluents after internal and/or external treatment. Chemical oxygen demand (COD) is the primary environmental indicator of effluents. If no information on external treatment is available, a 50% purification rate is assumed. All internal wastewater treatment plants, regardless of type – membrane bioreactors, conventional biological or physico-chemical – undergo continuous improvement: sorting at the source of the effluents and separate treatment upstream for certain waste streams, and the optimization of biological treatment with the support of Sanofi's environmental laboratory teams.

(Tons)	2015	2014
COD	2,853	2,896

Sanofi water experts pursue efforts to reduce wastewater discharge. They evaluate the best available techniques and anticipate their implementation in order to ensure the continued compliance of our treatment facilities. This explains the 1.5% decrease in COD between 2014 and 2015, despite production increases.

At the local level, each site is responsible for determining its own wastewater management program, based on environmental impact assessments and regulatory impact analyses. These programs involve:

- Characterizing the principal pollutants and sources of wastewater;
- Determining the technologies to be implemented depending on the type of wastewater; and
- Monitoring discharge and facility performance.

In response to the emerging topic of pharmaceuticals in the environment (PIE), Sanofi has developed an approach coordinated by the HSE Department in line with the requirements of the Group's HSE policy.

Our approach focuses on four key areas:

- Improving the Group's knowledge about the impact of our products by assessing environmental hazards and risks. These assessments are either required by regulations or conducted by Sanofi on a voluntary basis, and are performed by the ECOVAL committee on both new and marketed products;
- Developing the Group's general knowledge about pharmaceuticals in the environment through research partnerships with academia (such as the University of Montpellier) and other stakeholders (pharmaceutical associations);
- Analyzing wastewater effluents at our manufacturing sites and assessing their impact on the environment, if necessary by developing environmental target values for pharmaceutical products with the ECOVAL committee or ad hoc analytical methods at in-house labs. As part of a 2012-2015 program affecting several sites, environmental guideline values have been determined for 30 compounds detected in effluents, pre-selected on the basis of criteria relating to hazard levels. To date, 100% of these pre-selected compounds, quantified for effluents, have been assigned an environmental guideline value; and
- Exploring new technologies for treating these types of micro-pollutants.

In 2014, the Vertolaye site installed quaternary micropollutant treatment equipment that uses innovative technology. Since this is the first time it has been used at an industrial site, deployment continued in 2015.

To promote proper disposal practices, Sanofi also supports take-back programs to collect unused medicines from patients. To this end, Sanofi has developed a list of recommendations for patients, entitled "What to do with your unused medicines."

#### Soil contamination

With regard to prevention, in accordance with the Group's Health, Safety and Environment policy and regulatory requirements, all Group sites are equipped with containment systems and/or systems for collecting accidental releases to prevent them from penetrating the soil. All containment systems are built to the highest standards and are covered by appropriate maintenance programs to ensure the integrity of the sites' effluent

collection systems. Our sites are also equipped with emergency spill control kits wherever potentially harmful substances are stored or handled.

Sanofi systematically implements a multi-year soil and groundwater monitoring and evaluation program for Group sites, both for those with ongoing operations and those being sold. Where necessary, remediation work is carried out following detailed evaluations.

#### 3.C.b. Waste prevention, recycling and disposal measures

Reducing waste volume and appropriate waste management are important objectives for Sanofi. The key to our policy is to reduce waste generation at the source, followed by a systematic examination of recycling possibilities before waste is disposed of in any other manner.

Each site manages its waste according to the following principles:

- Reduce waste at the source;
- Reuse, recycle or recover on-site or with selected subcontractors;
- Incinerate with energy recovery wherever possible; and
- Send waste to landfills as a last resort, provided that the landfill is duly regulated and monitored. Landfills used for hazardous waste are audited annually, and those used for non-hazardous waste are audited every three years.

Sanofi's waste management program includes procedures to categorize process streams and properly identify, organize, collect, sort, treat, store, transport and dispose of each type of waste. In addition, we keep records of all waste management documents to ensure traceability through final treatment.

Prior to engaging a new waste contractor, the contractor's qualifications, competence and compliance with regulations are thoroughly verified.

Integrated waste management approaches have been implemented (Canada, the United States and France) or initiated (Germany, Italy and Hungary) to optimize waste disposal at our different sites in these countries.

Additionally in 2015, Sanofi signed an agreement with Suez Environnement to optimize the operation of water and waste treatment systems and promote energy recovery. As part of the agreement, a project to build a waste-to-energy treatment unit got underway at the Sisteron chemicals site in France.

## 4.2 INFORMATION ON HEALTH, SAFETY AND THE ENVIRONMENT

**Hazardous waste**

(Tons)	2015	2014
Recycled hazardous waste	35,325	32,251
Hazardous waste incinerated with thermal recovery	41,325	30,615
Hazardous waste incinerated without thermal recovery	105,508	70,023
Hazardous waste sent to authorized landfills	3,561	3,020
<b>Total</b>	<b>185,719</b>	<b>135,909</b>

An increase in hazardous waste (36.6%) resulted primarily from an increase in the production of wastewater sludge at our Elbeuf site, which has taken over management of the platform treatment plant. Moreover, activity at the site has intensified. Changes at other sites were related primarily to growth in production (Germany, Italy) or specific

operations (France, Brazil). These types of waste are generally incinerated, with a recovery rate of 41%.

Hazardous waste sent to landfills represents 1.9% of the total hazardous waste produced by the Group. This means of disposal is used only as a last resort when local incineration plants are unavailable.

**Non-hazardous waste**

(Tons)	2015	2014
Recycled non-hazardous waste	102,090	103,820
Non-hazardous waste incinerated with thermal recovery	19,239	16,255
Non-hazardous waste incinerated without thermal recovery	2,254	1,908
Non-hazardous waste sent to authorized landfills	21,060	20,106
<b>Total</b>	<b>144,643</b>	<b>142,089</b>

The quantity of non-hazardous waste essentially remained stable from 2014 to 2015 (increasing 1.7%). The recovery rate (recycling and thermal recovery) remained high at 85%.

It should be noted that non-hazardous building waste is not included in the data below, even though Sanofi focuses on recovery after treatment.

**3.C.c. Consideration of noise and other forms of pollution**

Sanofi's activities do not cause any major nuisances relating to noise or odors.

Noise pollution is above all seen as a health risk for employees who work near machines. Noise measurements are taken around our sites on a case-by-case basis; however, this is not part of an overall Group strategy. As an example, noise measurements taken around a site in Canada led Sanofi to install noise barriers around cooling towers located at the edge of the site.

Issues related to odors are primarily linked to fermentation activities. We are naturally committed to responding to any complaints that may be voiced by neighbors in the immediate vicinity of our sites.

**3.D. Protecting biodiversity**

We continuously seek new ways to limit and lower the environmental impacts of business activities in accordance with the Group CSR and HSE policies. As a global healthcare leader, Sanofi is aware that natural resources (plants, animals, etc.) from ecosystems are sources of

potential innovative new medicines that could prevent or cure diseases. Thus, the Group recognizes the necessity to protect and conserve all natural resources and preserve the ecosystems that make up biodiversity. The Group adheres to the global conventions that define biodiversity preservation principles:

- The Convention on Biological Diversity, included in the United Nations Environment Programme (UNEP), signed at the Earth Summit in Rio de Janeiro in 1992 and especially the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (2010);
- Human rights principles regarding the respect of rights for indigenous people to maintain, control, protect and develop their intellectual property over cultural heritage, traditional knowledge and traditional cultural expressions; and
- The United Nations Global Compact and Sustainable Development Goals.

The Group is aware that unapproved or substantial removal of natural resources, as well as production activities that cause pollution, may jeopardize the ecology and economy of the affected countries.

Sanofi is developing processes to protect and preserve biodiversity that call for:

- Monitoring suppliers responsible for collecting natural resources used in research projects to discover new medicines;

- Understanding the effects of the production and use of our medicines on natural resources through a review, initiated in 2013, of the active substances used at production sites for industrial purposes. According to the information collected to date, no plants or animals included in the CITES lists (Convention on International Trade in Endangered Species) are used in our production activities;
- Implementing a fair process for sharing the benefits associated with the marketing of medicines derived from natural resources;
- Conserving habitats and species around Sanofi sites throughout the world. In 2014, Sanofi commissioned an independent firm to conduct a document-based assessment of our industrial sites with respect to their biodiversity sensitivity. The evaluation looked at six criteria: proximity to a natural area, proximity to a protected area, proximity to wetlands, integration into an ecological network (green corridor, etc.), presence of sensitive species/habitats, and anthropic pressure. According to the evaluation, only nine sites (including six in Europe) present high biodiversity sensitivity. A good practices guide to promote biodiversity at Sanofi sites was published in 2013; and
- Sourcing biological materials and related services from suppliers who respect appropriate environmental and biodiversity preservation standards.

## 4.3. INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

### 4.3.1. Local economic and social impact of Sanofi's activities

#### 1.A. Worldwide

Participating in the local economic development of communities where Sanofi operates is a responsibility that the Group takes seriously. The ways in which the Group contributes to the economic development of these communities include:

- Investment choices;
- Local job creation, both direct and indirect;
- Healthcare training and education programs for local communities;
- Decisions about where to locate production sites with the aim of being closer to patients; and
- Purchase volumes and tax contributions.

Sanofi operates in over 100 countries, with industrial and R&D sites across the globe (see Section "2.4. *Investissements – Principaux établissements*" of our *Document de Référence*). The geographic distribution of our workforce, sales and investments can be found in Section "4.1.1 – Employment" and in note "D.35.3. *Information par zone géographique*" to the consolidated financial statements included in our *Document de Référence*.

In addition to Sanofi's impact as an economic player and global public health partner, our commitment to the United Nations Sustainable Development Goals is exemplified by the Sanofi Espoir Foundation's initiatives to help local communities. Beyond responding to humanitarian emergencies, these initiatives aim to combat diseases, improve maternal and infant health, promote gender equality and empower women, fight poverty and implement a global partnership for development.

The following examples illustrate Sanofi's activities in three countries.

#### 1.B. China

Sanofi established operations in China more than 30 years ago, and today offers diversified care options through the Sanofi, Sanofi Pasteur, Sanofi Genzyme and Merial divisions. With 2015 sales of 8.22 billion Chinese yuan renminbi (CNY), or €1.14 billion, Sanofi China is number three on the Chinese pharmaceutical market with a market share of 6.5% (Sanofi China's market share stands at 1.6% if domestic pharmaceutical companies are taken into account; source: IMS data, October 2015.).

Boasting eleven regional offices and seven production centers, Sanofi China's diversified offering of medicines meet patient needs in therapeutic areas such as cardiovascular disease, thrombosis, diabetes, central nervous system disorders, rare diseases, internal medicine and over the counter (OTC) drugs. Sanofi China is also active in vaccine production and drugs for animal diseases. The Pharma production site in Beijing was established in 1995 and in 2009 we invested CNY 545 million (€76 million) to build the Lantus Solostar® assembly and packaging line and the Lantus® cartridge filling line. The OTC drug site in Tangshan (1996) has an annual capacity of 800 million therapeutic units. At the Hangzhou production centers (1995), we invested CNY 430 million (€60 million) in a new pharmaceuticals site that opened in 2013 and CNY 350 million (€49 million) in a new OTC drug site. Another CNY 700 million (€98 million) was invested in launching local influenza vaccine production at the Shenzhen site in 2014. Sanofi China also has two Merial production centers: the Nanjing site where the inactivated bird flu vaccine is manufactured and the Gaoxin high-tech site in Nanchang, which opened in 2013, representing a cumulative investment of CNY 470 million (€66 million).

Sanofi China plays an important role in developing the local economy and as of the end of 2015 employed more than 9,000 people, of whom 49.5% were women.

## 4.3 INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

Sanofi China actively contributes to driving the Group's innovations and has enhanced its local R&D capabilities with over 300 employees and more than 30 projects carried out in collaboration with scientific and research institutions in China.

After the 2008 earthquake, Sanofi China launched a relief program for victims of the disaster. More than 5,000 of those injured in the earthquake received care through this initiative. Sanofi China's volunteer programs continue today. In 2015, employees took part in more than 40 activities in China, volunteering over 550 times and helping more than 3,000 people throughout the country.

### 1.C. Germany

Sanofi Aventis Deutschland GmbH covers every link in the pharmaceutical industry value chain, from research to manufacturing to commercialization.

Our German affiliate employs approximately 9,000 people (or 7.3% of the total number of people working in Germany's pharmaceutical industry) with sales of over €1.8 billion, not including €5 billion in exports. The Group (including Zentiva and Genzyme) is number three in Germany with a market share of 3.6% (source: IMS data, November 2015).

Commercial Operations (marketing and sales for Sanofi in Germany, Austria and Switzerland) are based in Berlin and employ over 1,100 people.

With the Höchst industrial park, the Frankfurt am Main site is the largest integrated Sanofi site in the world. Approximately 7,300 employees work there in Research & Development, Industrial Affairs and Support Functions, including the Corporate Diabetes Division. The focus is on producing sterile biological products (insulin), drugs and medical devices (insulin pens). Each year, Sanofi Aventis Deutschland GmbH produces around 2,300 tons of active substances, more than 600 million ampoules and bottles for injections and infusions, and over 306 million insulin pens, supplying the German market and 100 other countries (more than 84% of the products manufactured in Frankfurt am Main are exported to other countries).

The Sanofi affiliates in Germany are Genzyme GmbH in Neu-Isenburg (distributing drugs to treat rare diseases), Merial GmbH in Hallbergmoos (Animal Health), Nattermann & Cie GmbH in Cologne (manufacturing OTC drugs) and Zentiva Pharma GmbH in Berlin (Generics).

### 1.D. France

Sanofi in France in 2015 represented:

- Approximately 27,000 employees;
- 42 sites<sup>(1)</sup> in 14 regions and 24 administrative districts (*départements*):
  - 8 R&D sites;

- 23 production sites;
- 4 distribution sites; and
- 7 administrative sites including Sanofi's corporate headquarters and the global headquarters of R&D, Industrial Affairs, Sanofi Pasteur (Vaccines) and Merial (Animal Health);
- Sales of approximately €2.4 billion in 2015, i.e., 6.46% of the Group's global sales (including Merial);
- 45.3% of total Sanofi R&D expenses, or €2.4 billion, with 6,600 employees (41% of all R&D personnel worldwide);
- One-third of the Group's global production with 14,900 employees at the 27 industrial sites in France (one-third of the Industrial Affairs global workforce);
- 28% of global Sanofi purchases, for a total of €3.5 billion, with 15,000 suppliers.

For over 30 years Sanofi has operated dedicated entrepreneurial units (Sanofi Développement and the Sanofi entrepreneurial start-up unit) to drive local economic development around the Group's 42 sites in France by promoting sustainable job creation and encouraging individual entrepreneurial initiatives.

- **Sanofi Développement** is in charge of:
  1. Implementation of local economic development initiatives around Sanofi sites in France;
  2. Support for the development of very small enterprises (VSEs) and small and medium-sized enterprises (SMEs) and start-ups, in order to help accelerate job creation, especially in the healthcare, industrial and business services sectors, as part of the Sanofi SME Plan that was implemented in 2015;
 

Through the SME Plan, Sanofi in France hopes to make these actions more visible and help structure and articulate them to yield new synergies so that it can lead the way as a reference in relations with SMEs and start-ups. Beyond the traditional relationship of contractor and subcontractor, a start-up or SME can also be considered an essential link in the value chain. Sanofi enables these companies to ensure their long-term viability while improving the Group's image as a good corporate citizen (see Section "4.3.3 Subcontracting and suppliers"); and
  3. Management of revitalization agreements.

In 2015, Sanofi Développement's initiatives focused primarily on eight geographical areas of France: Alpes de Haute Provence (04), Côte d'Or (21), Eure (27), Indre et Loire (37), Loiret (45), Rhône (69), Seine Saint-Denis (93) and Val de Marne (94).

Sanofi Développement set up loans for developing businesses that create new jobs, organized

<sup>(1)</sup> Some of our locations are home to several activities (e.g., production and R&D at the Vitry-sur-Seine/Alfortville site, or production and distribution at the Amilly site), and are therefore counted as multiple sites.

mentoring and skill-sharing programs, and provided subsidies to local economic stakeholders to help structure local economic development.

Sanofi mobilized nearly €2 million in the above areas of France, and financed 28 very small businesses and small- and medium-sized enterprises and industries under development to help them grow and create jobs offering permanent contracts.

In addition, Sanofi subsidized several economic development programs run by local economic stakeholders to bolster the creation of additional indirect jobs. A majority of these projects are related to the social and solidarity economy, the creation of business support networks, and projects in the health sector.

In 2015, aid in the form of loans or subsidies helped create at least 441 jobs under permanent contracts.

In 2015, Sanofi also funded secondments for nearly 100 employees sent on long-term assignments (nine months on average) to share their expertise with small- and medium-sized enterprises and industries, associations, NGOs, local government, competitiveness clusters, etc.

Available during the voluntary departure plan instituted for several Group entities (Industrial Affairs, R&D, Group functions, Sanofi Pasteur and Merial), this measure concerns employees who are near the end of their careers and are interested in sharing their skills and expertise with host organizations. Known as Skills Transfer and Experience Sharing, the measure involves occasional skill-sharing assignments that must not prevent new jobs from being created.

- The **Sanofi entrepreneurial start-up unit** assists Sanofi employees who wish to start their own business or acquire an existing company (e.g., very small businesses and small- and medium-sized enterprises and industries) and also offers support to work-study employees who want to start a business.

In 2015, 45 employees had their business start-up/acquisition projects approved, primarily in the service, business, health and well-being sectors and the restaurant, hotel and tourism industries.

Moreover, within the scope of a sustained policy to support training and employment for young people, 5% of Sanofi's employees in France had work-study contracts in 2015 (professional training, apprenticeship and International Corporate Volunteer Program, or VIE, contracts).

To enhance their employability in the healthcare sector, work-study employees were invited to take part in forums organized with the professional branch of the French Pharmaceutical Companies Association (LEEM) and economic players in the regions of Normandy, Centre, Île de France and Auvergne-Rhône-Alpes.

These forums provided an opportunity for work-study employees to meet with SMEs and start-ups seeking job candidates in the healthcare sector.

Sanofi offered career guidance to young people by taking part in several student forums as well as programs (such as *Ma caméra chez les pro* or the *C'est Génial* Foundation) for students and their teachers providing an introduction to the business world and its career options. Sanofi France formed partnerships with a wide range of universities and institutions (Institut des Métiers et des Technologies, EDHEC Business School, Ecole Centrale, Fondation Bordeaux University and University Paris-Dauphine).

### 4.3.2. Relations with stakeholders

#### 2.A. Conditions for stakeholder dialogue

Each day across the globe, Sanofi interacts with a broad range of stakeholders. These interactions have varying objectives and are firmly grounded in the Group's Corporate Social Responsibility approach. They enable us to:

- Provide stakeholders with reliable, factual information (including information about the proper use of products marketed by the Group, products under development, financial and extra-financial information, etc.). This is done using various communication tools (brochures, dedicated websites, communication campaigns, annual assessments, responses to questionnaires, replies to various requests, etc.);
- Oversee formalized dialogue and consultation processes designed to involve stakeholders in Sanofi's strategic decisions and determine whether the Group is adequately meeting their expectations: stakeholder panels and surveys, customer satisfaction surveys, employee engagement surveys, forums, panels of residents of communities surrounding our sites, suppliers, etc.; and
- Establish partnership projects, particularly in the healthcare field: support for patient associations, humanitarian aid programs, partnerships with the academic world, clinical trial programs, etc.

More specifically with respect to our CSR strategy, within the corporate functions and a number of affiliates, we have established initiatives to create opportunities for formalized dialogue and consultation designed to obtain stakeholder feedback on the Group's CSR strategy and objectives, to make necessary adjustments, and to shape a concerted vision of the CSR challenges facing Sanofi.

For example, the Sanofi CSR Direction finalized a toolkit intended to help affiliates engage with their internal and external stakeholders and perform their own materiality tests to identify local CSR priorities. This toolkit was rolled out in four countries in 2015: Germany, Japan, Brazil and Canada. The countries will be able to use it to develop their own action plans and focus on their own priorities.

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In France, since 2012 we have engaged in formal stakeholder dialogue in the form of a Stakeholder Panel. The panel aims to involve stakeholders in a co-construction process geared toward producing tangible outcomes.

The French Stakeholder Panel is run by an outside facilitator (Comité 21) and is made up of around 20 external stakeholders (humanitarian and environmental NGOs, patient groups, politicians and legislators, healthcare professionals, academics, economic and financial leaders, socially responsible investment (SRI) funds, trade unions, philosophers, sociologists, etc.), and around 15 internal stakeholders representing the company's different activities and functions (R&D, Industrial Affairs, Finance, Public Affairs, Medical Affairs, Human Resources, CSR, Sanofi Pasteur, Merial, Genzyme, Procurement, Communication, etc.). The panel is chaired by Gilles Lhernould, Senior Vice President of CSR.

A day-long meeting is held twice a year and certain topics are discussed in greater depth during thematic workshops with outside experts. For 2015, the topics covered in the workshops were "Public mistrust of vaccinations" and "Innovation and new business models." In accordance with Sanofi's commitments regarding transparency, summaries of the plenary sessions are made available on the Sanofi website. A wide variety of topics are discussed: Sanofi's approach to ethics in R&D, relations with politicians and healthcare professionals, Sanofi's role in access to healthcare, labor issues for Sanofi in France, continuity of the supply chain, pharmaceuticals in the environment, drug pricing policies, company compensation policies and responsible purchasing.

Discussions are governed by the Chatham House Rule in order to ensure both the transparency and confidentiality of exchanges between participants. A summary of each meeting is published (in French) on the Sanofi France website ([www.sanofi.fr](http://www.sanofi.fr)).

## 2.B. Health-related partnerships and philanthropy initiatives

### 2.B.a. Partnerships

The challenges encompassed by Corporate Social Responsibility, particularly when it comes to ensuring access to healthcare for all patients across the globe, are complex issues that the pharmaceutical industry cannot tackle alone. For this reason, we cooperate with numerous stakeholders – private, public and/or organizations – to pool our expertise and know-how with that of our partners and provide the best possible response to certain major health-related challenges facing society.

Although we outline examples of key initiatives below, they are not an exhaustive portrayal of the multitude of projects undertaken by Sanofi (see Section "3.1.3. Événements

*marquants de l'année 2015*" for additional information about the Group's partnerships, and the annual CSR Report and related material available at [www.sanofi.com](http://www.sanofi.com)).

### Partnership to combat neglected tropical diseases (NTDs)

Initiated in 2001 with a program to combat Human African Trypanosomiasis (or sleeping sickness), Sanofi's partnership with the World Health Organization (WHO) was renewed in 2006 and expanded to include other neglected tropical diseases (NTDs): leishmaniasis, Buruli ulcer, and Chagas disease. In March 2011, Christopher Viehbacher, former CEO of Sanofi, and Margaret Chan, Director-General of the WHO, renewed their commitment to combat NTDs for five more years. For Sanofi, this commitment covering the period 2001-2016 represents financial support of approximately U.S.\$75 million, or U.S.\$5 million annually. Since the beginning of this collaboration with the WHO, over 34 million people have been screened for sleeping sickness and nearly 200,000 patients have been treated for the disease, which is nearly always fatal if left untreated. Thanks to our partnership, reported new cases fell from 30,000 in 2001 to less than 7,200 in 2010<sup>(1)</sup>, 6,750 in 2011, 7,210 in 2012, 6,230 in 2013 and 3,796 in 2014 (data on new cases reported in 2015 are not yet available), marking progress toward the WHO goal of eradicating sleeping sickness by 2020. This is lowest number of new cases since a reliable reporting method was instituted 75 years ago. Active and passive testing efforts continue, with the aim of reaching the 2020 goals set by the WHO.

On January 30, 2012, Sanofi signed the London Declaration on NTDs alongside other pharmaceutical groups, representatives of the U.S. and U.K. governments, the Bill & Melinda Gates Foundation, the World Bank and official representatives from countries where NTDs are endemic.

In October 2015, Sanofi and the Pasteur Institute in Tunis signed a partnership agreement to combat leishmaniasis. This agreement provides for the implementation of an awareness program about cutaneous leishmaniasis to be launched in 2016 in schools, with the distribution of nearly 70,000 comic books to sixth-year students in seven governorates where the disease is endemic. Transmitted to humans through insect bites, cutaneous leishmaniasis is a parasitic, non-communicable disease that constitutes a major public health problem in Tunisia, where around 3,000 new cases are reported each year.

### WIPO Re:Search, a public-private consortium to stimulate research

To promote innovation and research on NTDs, the World Intellectual Property Organization (WIPO) has brought together a number of partners in the public and private

<sup>(1)</sup> Programs that the WHO was able to undertake or extend thanks to Sanofi's support are described in the activity report for 2006-2011: WHO – Sanofi Collaborative Report: A Partnership to Save Lives [http://www.sanofi.com/Images/31441\\_WHO-Sanofi\\_report\\_2006-2011.pdf](http://www.sanofi.com/Images/31441_WHO-Sanofi_report_2006-2011.pdf)

sectors, including Sanofi. WIPO Re:Search is a consortium of public and private sector organizations that have joined forces to expand access to intellectual property assets by researchers worldwide in order to promote R&D on NTDs, malaria and tuberculosis (<http://www.wipo.int/research/en/>). Sanofi is one of the founding members of the consortium, which now includes over just 100 members across the globe. Over 90 collaboration agreements have been established and certain projects have already reached new phases of development.

#### Partnerships to monitor antimalarial drug safety and emerging resistance

Sanofi and the Drugs for Neglected Diseases Initiative (DNDi) have embarked on an ambitious clinical trials program to document the efficacy and safety of an antimalarial drug they partnered to develop. The drug, ASAQ Winthrop®, is a fixed-dose combination of artesunate and amodiaquine. The program comprises over 20 trials conducted in 23 countries and is expected to ultimately cover over 30,000 cases of malaria treated with this drug. Sanofi and DNDi have sought to enhance their work through partnerships with academic institutions. In January 2012, the WorldWide Antimalarial Resistance Network (WWARN) and Sanofi announced an agreement to monitor emerging antimalarial drug resistance. The agreement provides for all efficacy data from clinical trials conducted with the malaria drug developed by Sanofi and DNDi to be shared with the WWARN. The data collected are fed into the global database created by WWARN to monitor the emergence of resistance and were the focus of several publications and scientific meetings in 2015. In 2013, Sanofi entered into a similar partnership with the ACT Consortium and the Liverpool School of Tropical Medicine to share data on the drug's safety with academic teams.

#### Authorization of new treatment for latent TB infection thanks to a partnership with the Centers for Disease Control and Prevention (CDC)

On November 25, 2014, the United States Food and Drug Administration (FDA) approved a new indication for Priftin® (rifapentine). This drug is now indicated for use in combination with isoniazid (INH) for the treatment of latent tuberculosis infection (LTBI) in patients over two years of age who have been exposed to a high risk of active tuberculosis. Approved in the United States since 1998, Priftin® is an antimycobacterial used in conjunction with one or more anti-tuberculosis drugs for the treatment of active pulmonary tuberculosis caused by *Mycobacterium tuberculosis*. The findings of a pivotal clinical trial on LTBI published in the *New England Journal of Medicine* have shown that more patients completed treatment involving rifapentine and INH, administered under direct observation once a week for 12 weeks, than those patients who were required to self-administer isoniazid every day for nine months. These findings were made possible by the public-private partnership between Sanofi and the CDC, and they

exemplify the Group's longstanding commitment (over half a century) to finding tuberculosis treatments. In 2015, the WHO included rifapentine on its Essential Medicines List.

#### Sanofi Pasteur and the Bill & Melinda Gates Foundation join forces to discover new vaccines

In October 2013, Sanofi Pasteur announced a partnership with the Bill & Melinda Gates Foundation to explore and develop new platforms and methods intended to accelerate vaccine R&D, particularly in areas of global health. The Vaccine Discovery Partnership (VxDP) is a newly created, formal mechanism that enables the Bill & Melinda Gates Foundation to directly collaborate with Sanofi Pasteur and other vaccine-pharmaceutical companies across disease areas of interest. It provides for an integrated, straight-forward and sustained relationship established on the basis of a memorandum of understanding, and is expected to accelerate the development of candidate vaccines for use in developing countries. In 2014, teams of scientists from the Bill & Melinda Gates Foundation and Sanofi Pasteur's R&D teams identified several areas of cooperation, particularly in connection with innovative public health projects (adjuvants, experimental medicine concept, etc.). Sanofi Pasteur is currently in discussions with the Gates Foundation's Discovery and Translational Sciences program about developing human vaccines using models and translational science.<sup>(1)</sup> The Group is also in discussions about key strategic areas such as maternal immunization, new forms of vaccine distribution (thermostability and vaccine co-administration) and efforts to create synergies for developing countries concerning the portfolio of innovative vaccines of its affiliate in Shantha, India, while allowing industry partners to develop and test new technologies that will also advance their other R&D programs.

In the context of this partnership with the Bill & Melinda Gates Foundation, Sanofi Pasteur announced in October 2015 the creation of a vaccine innovation center with the Infectious Disease Research Institute (IDRI) in Seattle, Washington (U.S.). The Global Health Vaccine Center of Innovation (GHVCI) was established to accelerate the development of vaccines and supporting technologies to address infectious diseases and ensure that new vaccines are available to people in developing countries.

#### Sanofi works with global partners to supply unprecedented quantities of inactivated polio vaccine (IPV) at affordable prices

In 2014, UNICEF, which supplies vaccines in response to global public health needs, announced its decision to purchase large quantities of inactivated polio vaccine (IPV) from Sanofi Pasteur to be supplied to certain countries depending on their level of need and vaccination plans. Sanofi Pasteur and the Bill & Melinda Gates Foundation developed a price mechanism based on financial

<sup>(1)</sup> Medicine that bridges the gap between fundamental research and clinical research in the aim of making therapeutic innovations available more quickly.

## 4.3 INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

contributions from both partners in the aim of encouraging the rapid, widespread adoption of IPV. Under the mechanism, Sanofi Pasteur is able to provide IPV at a price of €0.75 per dose to 73 of the world's poorest countries. The Gavi Alliance (Global Alliance for Vaccines and Immunization) provides the countries with IPV for inclusion in routine immunization schedules. On September 18, 2014, children in Nepal were the first among of the 73 Gavi-eligible countries to receive IPV, in the presence of Olivier Charmeil, President and CEO of Sanofi Pasteur. In the aim of eradicating polio by 2018, the World Health Organization (WHO) recommends administering at least one dose of IPV, as part of routine immunization, to all children in over 120 countries that have previously used only the oral polio vaccine (OPV). The OPV has long played an essential role in the effort to eradicate polio worldwide. Today, studies show that supplementing the OPV with a dose of IPV is the most effective way to stop the virus. During the 2015 United Nations Private Sector Forum, various private sector initiatives were identified and selected to help achieve the Sustainable Development Goals (SDGs). The price support mechanism developed jointly by Sanofi Pasteur and the Bill & Melinda Gates Foundation for introducing IPV vaccination was selected in order to help attain Goal No.3 of the SDGs.

#### New Sanofi Pasteur commitments as part of Gavi

In January 2015, a series of new commitments from pharmaceutical companies was announced as part of the Gavi Alliance. In particular, Sanofi Pasteur pledged to increase yellow fever vaccine production to address shortages and offer tailored prices in Gavi-eligible countries through the end of 2018. Moreover, Sanofi Pasteur announced that it would extend its EPIVAC program for training vaccinators in Nigeria, in collaboration with the French Preventive Medicine Agency.

#### Partnerships for non-communicable diseases

In the field of diabetes, Sanofi is taking part in innovative partnerships designed to improve healthcare systems.

##### Raising awareness and enhancing prevention in schools: the KiDs program

Globally, approximately 79,000 children develop diabetes each year. Schools play an important role in supporting these children, but for many of them, a lack of knowledge about diabetes within schools can lead to isolation, stigmatization and discrimination. In 2013, the International Diabetes Federation – in collaboration with Sanofi and the International Society for Pediatric and Adolescent Diabetes – launched the Kids and Diabetes in Schools (KiDS) program in India and Brazil. The goal of the program is to help create a safe school environment by providing information about diabetes, helping children living with the disease, and promoting healthy eating habits and physical activity at school. Since the launch of KiDS, campaigns to raise awareness have been conducted at 30 schools, reaching over 38,000 students

and 1,400 teachers. Similar in-school educational programs have been introduced in Turkey, Canada and Algeria.

##### Be He@lthy Be Mobile: using cellphones to fight diabetes

At Sanofi seeks to lead the way in healthcare innovation by offering mobile solutions that empower patients to take charge of their illnesses. In February 2015, the Group joined the innovative Be He@lthy Be Mobile collaborative initiative by the World Health Organization (WHO) and the International Telecommunication Union (ITU). Sanofi is collaborating with the ITU and the mDiabète program, which is part of the Be He@lthy Be Mobile initiative in Senegal. The goal of mDiabète is to introduce e-health strategies to help individuals living with diabetes, namely through training sessions offered to healthcare professionals.

##### A new diabetes-tuberculosis project in South Africa

In November 2015, Sanofi's South African affiliate announced a joint initiative with the University Research Co (URC), South African Aquity Innovations and the National Department of Health to improve early detection and access to care for people with concomitant diabetes and tuberculosis. The coexistence of these two epidemics, diabetes and tuberculosis, constitutes an increasingly heavy burden on healthcare systems and patients. An estimated 2.3 million adults in South Africa are currently living with diabetes, and prevalence is on the rise. Their risk of developing active tuberculosis is two to three times higher than that of non-diabetic individuals. This public health initiative has been launched in four South African provinces (KwaZulu Natal, Eastern Cape, Gauteng and Free State). It is intended to help improve diabetes testing and diagnosis for individuals with tuberculosis (and tuberculosis testing and diagnosis for individuals with diabetes). At the same time, it strengthens healthcare professionals' skills and practices and raises awareness about the prevention and control of these diseases.

#### Partnerships with patient associations

Sanofi is committed to working with patient associations all over the world, taking their priorities into account with a view to discovering improved healthcare solutions that better reflect the needs of patients, friends and families throughout the patient's journey.

The Group encourages open dialogue to listen, to learn and to better understand patients' expectations. A spirit of partnership, mutual respect and trust guides the collaboration between Sanofi and patient associations, without ever calling into question the associations' independence. The global policy adopted by Sanofi is designed to ensure that the Group's relationships with patient associations are ethical, responsible and transparent. In 2015, the Patient Advocacy Groups (PAG) initiative established a network of representatives covering more than 60 countries and facilitated meetings with representatives from the Europe and Asia/Japan Pacific regions in order to identify priorities. Moreover, we

committed to working with a number of patient associations in various regions in order to empower patients and address topics such as diabetes, cardiovascular diseases, asthma, etc.

Committed to the principle of transparency that helps build trust in our relationships with stakeholders, the public and most importantly the patient, we have disclosed the financial amounts given to patient associations based in Europe from 2010 onwards, and those based in Australia, Brazil, Canada, the United States and Japan since 2011 (for the complete list, see our website <http://www.sanofi.com>).

In 2015, in order to anticipate and respond to the needs of a rapidly changing environment, the team led by the Chief Patient Officer, with help from key external stakeholders (patients, doctors, FDA staff, payers and more than 100 in-house managers), defined the basic patient-centric values and put in place the corresponding strategic orientations and related measures.

#### Raising awareness about climate-related health challenges

Sanofi wished to be active in the field of climate change to raise awareness about the health impacts of climate change. To that end, in 2015 we formed an advisory board of climate and health experts tasked with identifying the challenges stemming from climate change, especially those relating to health, and defining our approach. The Group offers solutions (drugs, vaccines, educating populations) to prevent and address the health impacts of climate change, continues to reduce greenhouse gas emissions during the life cycle of Sanofi products (from R&D and production sites through to product transportation), and helps raise awareness about the impacts of climate change on health and ensure these have a place on the public agenda. To uphold our commitment, we chose to become an official partner of the 21st Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change that took place in Paris from November 30 to December 11, 2015. This partnership will last for one year. During the negotiations, Sanofi organized or took part in a series of conferences on the health-related consequences of climate change as part of Solutions COP 21, an event held at the Grand Palais in Paris to raise public awareness about the challenges of climate change. Sanofi highlighted the various impacts of climate change on health: whether direct, such as the effects of extreme weather events on the health of populations, or indirect, e.g., potential changes in the distribution of vector-borne diseases (dengue, malaria, etc.) and water-borne diseases (cholera, etc.). Moreover, our CEO joined 38 other leaders from major French companies in November 2015 in signing a call for action to curb climate change.

#### 2.B.b. The Sanofi Espoir Foundation

We created the Sanofi Espoir Foundation to bolster our commitment to international solidarity, and to clarify its

importance for all our stakeholders. The Foundation's mission is to help reduce healthcare inequalities and poverty among the world's poorest communities. In addition to coordinating initiatives in response to humanitarian emergencies, the Foundation works to ensure a lasting impact in three areas: fighting childhood cancer, reducing maternal and child mortality, and improving access to healthcare among the most disadvantaged populations.

In 2015, the Foundation gave its support for the launch and/or development of 36 multi-year programs with 35 key partners in 31 countries. To ensure continuous access to care for injured or displaced persons, the Foundation organized initiatives in response to humanitarian emergencies in four countries and donations of medicines and vaccines in 11 countries.

The Foundation also encourages employees to become involved, as their contributions are essential. For the last four years, the Sanofi Season of Solidarity has taken place between October and December. During this event, employee volunteers participate in a number of activities benefiting partner organizations (solidarity breakfasts, craft sales benefiting charitable organizations, toy and in-kind donation drives, recreational activities for children with health difficulties, etc.). In 2015, more than 20 countries participated in the event.

#### Fighting childhood cancer in low- and middle-income countries

The My Child Matters program is a unique initiative developed by the Foundation in 2006 to provide earlier diagnoses and better care to young cancer patients in low- and middle-income countries in Africa, Asia and Latin America. Run in partnership with St. Jude Children's Research Hospital, the International Society of Paediatric Oncology (SIOP), the Union for International Cancer Control (UICC), the Franco-African Pediatric Oncology Group (GFAOP), the Children's Cancer Institute (CCI) and other international organizations involved in the fight against childhood cancer, the program focuses on building the capacities of local teams. Since 2006, the My Child Matters program has supported 45 projects in 33 countries thanks to contributions from the Sanofi Espoir Foundation totaling €9 million to date. More than 50,000 children have received care and nearly 16,000 healthcare professionals have been trained. In 2015, 13 projects were ongoing in 26 countries in Asia, Africa and Latin America.

#### Reducing maternal and infant mortality

The Foundation created the Midwives for Life initiative to reduce largely preventable complications and deaths in developing countries through more and better trained health workers, particularly midwives, who play a key role in this fight. In late 2015, 11 programs were underway, aimed at reducing maternal and infant mortality, including six pilot projects in Asia (Burma and Cambodia), Latin America (Mexico) and Africa (Senegal, Côte d'Ivoire, Tanzania and Ethiopia). In 2014, the Sanofi Espoir

Foundation introduced the Midwives for Life Awards to recognize initiatives developed by midwives to reduce maternal and infant mortality and improve the health of women and newborns in developing countries. In 2015, a panel of experts selected 10 projects in Cambodia, India, Morocco, Democratic Republic of the Congo, South Africa, Vanuatu, Zambia, Zimbabwe and two twin projects: one in Japan and Mongolia and the other in the Netherlands, Sierra Leone and Morocco.

#### Access to healthcare for the most disadvantaged

To improve medical care for vulnerable populations in France, the Foundation has joined forces with five field-based partners (the French Red Cross, Médecins du Monde, Samu Social Paris, the SOLIPAM network and Centre d'Action Sociale Protestant), choosing programs with complementary goals and locations. Outside of France, the Foundation helps vulnerable populations gain better access to healthcare by supporting participatory mutual insurance programs that provide health coverage to very low-income rural populations in conjunction with the International Center for Development and Research (CIDR) in Guinea and Chad, with GRET in Cambodia and with Inter Aide in Madagascar and India.

#### Responding to humanitarian emergencies

When a humanitarian disaster occurs, healthcare is one of the most vital needs. In 2015, the Group's initiatives were undertaken with partner organizations in Nepal, Iraqi Kurdistan, Yemen, and in France and other parts of Europe.

The Sanofi Espoir Foundation provided financial support to its partners in Iraq, Yemen and Europe (Macedonia, Greece, Turkey, Serbia and France) to help the thousands of migrants and refugees fleeing their countries as result of the crisis in Syria. In Iraq's Bardarash refugee camp, the Sanofi Espoir Foundation supported Première Urgence Internationale with the provision of medical services. In Yemen, the Foundation worked with the READY emergency response fund established by the French Red Cross to help improve living conditions for refugees. In Serbia, Macedonia, Turkey and Greece, the Foundation provided support to an NGO called WAHA that offers medical care to people entering and living in refugee camps, in collaboration with local NGOs. The Group also allocated €500,000, in addition to these emergency response initiatives, to fund projects in France and abroad and encouraged employees to make donations to support the Red Cross's projects in France.

Moreover, in response to numerous humanitarian emergencies and in accordance with the provisions of the Foundation's charter governing donations of medicines and vaccines, 2.77 million boxes of drugs and doses of vaccine were donated by the Group in 2015 to allow access to medical care for around 12.7 million people living in 11 countries.

#### 4.3.3. Subcontracting and suppliers

Given that Sanofi purchases goods and services for a value of nearly €13 billion, procurement is a major Corporate Social Responsibility issue. As stipulated by our Suppliers Code of Conduct, responsible purchasing is based on the UN Global Compact, the conventions of the International Labour Organization, and our own Code of Ethics. It is part of managing relations with our current and future suppliers and setting the standards with respect to human rights, labor practices, health and safety, protection of the environment and respect for ethics rules.

As the department in charge of overseeing relations with our suppliers, the Sanofi Procurement function has implemented a responsible purchasing policy since 2007 based on international CSR standards. Evaluating their CSR performance is part and parcel of our assessment of suppliers' global performance and represents a mandatory step in the supplier selection process and ongoing management of suppliers and subcontractors. This assessment is integrated into the model and processes for procurement risk management with the goal of continuous improvement for our suppliers. It is based on a comprehensive, multi-criteria CSR risk analysis (procurement strategies, types of goods and services, countries of operation, environmental, social and ethical performance, etc.) and the recognized expertise of an external partner that has developed a collaborative platform for evaluating and analyzing the CSR performance of Sanofi's supplier base.

In 2015, the annual evaluation campaign involved more than 260 suppliers. In addition, several initiatives have been launched to promote supplier diversity, exemplifying the Group's commitment to supporting the development of the local economies where our sites are located.

In France, Sanofi has adopted a proactive approach by ratifying the Charter of Intercompany Relations. The Group has made a commitment to small- and medium-sized enterprises (SMEs), specifically to:

- Respect the commitments set out in the Charter (to guarantee fair financial treatment for suppliers, promote cooperation between large contractors and strategic suppliers by helping SMEs reduce the risks of mutual dependence between contractors and suppliers, incorporate environmental concerns, develop local economic activity, fight corruption, etc.);
- Accept the implementation of a compliance assessment process (performed by an external expert) of our organization and management practices based on the guidelines from the Charter; and
- Adopt necessary corrective measures to reach the objectives listed in the Charter.

The Procurement function oversees and coordinates activity plans to support implementation of the Charter, monitoring of related indicators, and corrective actions as necessary.

Taking this approach one step further, Sanofi is currently rolling out an SME Program, which encompasses 11 support measures for SMEs. In 2015, Sanofi selected around 40 SMEs and start-ups based on criteria relating to innovation, agility and performance. Procurement/business pairs met with them to understand their development strategy and offer suitable means of support. Over the course of 12 months, this program enabled us to contribute:

- To economic development representing €460,000 in sales with Sanofi and other large contractors;
- To job creation with €120,000 in financial assistance as part of the creation of 13 permanent contract positions and free access to the Youth Engagement platform to help SMEs locate job candidates by enabling them to connect with 14,000 recent graduates trained at major French corporations; and
- To the international development of ten key SMEs, which received support from our network of outside sales consultants and our procurement network in the targeted regions of the world.

To ensure that this commitment is translated into action and to preserve independence, since 2012 there has been an internal ombudsman within the Corporate Social Responsibility Direction. The primary role of the ombudsman, who may be contacted by a supplier or a purchaser, includes facilitating the resolution of work-related differences between the Group and our suppliers with neutrality, impartiality and confidentiality; helping the parties identify a solution; defending the agreement, rather than the parties; and communicating issues that arise and their outcomes as part of a continuous improvement approach.

On May 21, 2015 Sanofi France's Responsible Supplier Relations Label was renewed for the third year in a row by the French Ombudsman for Intercompany Relations, the Ombudsman for Public Procurement, and the French Purchasing Managers Association (CDAF). We have clearly demonstrated our willingness to continue our initiatives by consolidating important progress in several areas: our SME Plan, environmental commitments, managing supplier dependency and the financial difficulties of our suppliers, and our ethics and compliance practices.

In 2014, the percentage of purchases made by the Group from independent French SMEs accounted for 20% of total spends, compared with 14.1% in 2013 and 13.3% in 2012.

In the United States, Sanofi made a commitment to SMEs, in particular economically or socially disadvantaged firms (minority-owned, disabled-owned, veteran-owned, and HubZone businesses), highlighting the importance we place on innovation and diversity among our supplier base.

#### 4.3.4. Fair business practices

##### 4.A. Measures to fight corruption

Today all stakeholders are aware not only of the harmful economic consequences of corruption, but of its potential to impede development, particularly in emerging countries.

Fighting corruption requires international rules adhered to by as many countries as possible, combined with effective anti-corruption legislation enforced nationally. The adoption of the Organisation for Economic Co-operation and Development (OECD) and United Nations conventions against corruption and far-reaching national laws, such as the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, contributes to achieving this goal.

Multinational companies must take an active part in fighting corruption. Consistent with our approach to ethical conduct, Sanofi adheres to the following regulations and principles:

- The external reference principles of the United Nations Global Compact (Principle 10): [www.unglobalcompact.org/Issues/transparencyanticorruption](http://www.unglobalcompact.org/Issues/transparencyanticorruption);
- The United Nations Convention against Corruption, adopted on October 31, 2003: [www.unodc.org/unodc/en/treaties/CAC](http://www.unodc.org/unodc/en/treaties/CAC);
- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: [www.oecd.org/corruption](http://www.oecd.org/corruption); and
- Measures adopted in accordance with the U.S. Sarbanes-Oxley Act (Section 301).

Moreover, in recent years, anti-corruption authorities in several European countries as well as the United States have increased their scrutiny of companies in certain business sectors. As a consequence, healthcare companies have been the focus of particular attention by the authorities over the past few years due to their interactions with a wide range of stakeholders, such as physicians and government agencies.

In response to these growing demands, in the past several years Sanofi has developed and implemented measures and tools designed to prevent and fight all forms of corruption in all countries where the Group does business.

The corruption prevention program at Sanofi is based on two reference texts:

- The Code of Ethics, on which most employees received training during a major campaign in 2013 and 2014. Training on the Code is mandatory for all newcomers, and refresher courses are organized on the initiative of our affiliates; and

## 4.3 INFORMATION ABOUT EXTERNAL COMMITMENTS TO PROMOTE SUSTAINABILITY

- Sanofi's anti-corruption policy, which sets out the Group's expectations regarding the prevention of and fight against corruption, can be accessed by all employees via Sanofi's intranet. This policy constitutes the reference document for other policies on related topics such as due diligence and organizing and/or helping to organize events with third parties (health professionals, for instance).

The principles contained in these documents are promoted across the entire Group by the Ethics & Business Integrity Organization, present at the corporate, regional, business, country and functional levels, in particular through training activities. Employees receive anti-corruption training on a regular basis, and an e-learning library with several modules on this subject is available to all employees via the Ethics & Business Integrity intranet.

An Executive Compliance Committee, chaired by the CEO, was created to ensure the effectiveness of all aspects of Sanofi's compliance program, and to facilitate implementation and adherence to the program. The committee plays an executive role in recommending and reviewing the actions implemented to sustain the effectiveness of the compliance program of the Group's Ethics & Business Integrity Organization, and to foster continued employee commitment to Group values.

Sanofi affiliates are encouraged to establish local compliance committees to enforce compliance with the Group's Code of Ethics, policies and procedures, applicable legal and regulatory requirements, and industry standards. Best practices as well as recommendations for the model Local Compliance Committee Charter have been communicated to Group affiliates in all countries.

In 2006, in accordance with our Code of Ethics, we established a whistleblowing system to enable all employees to report any breach of the rules and principles set forth in the Code to our Ethics & Business Integrity Organization. In 2015, the department followed up on each alert received. Where the evidence collected confirmed the alerts, different types of sanctions were applied, ranging from simple warning letters to contract termination.

One of the key areas to address to prevent corruption is the establishment of a rigorous process for the selection of third parties (service providers, partners, etc.), since they may represent a potential source of risk for the Group through their interactions with public officials and administrations. With this in mind, Sanofi put in place a process for due diligence of third parties prior to engaging them, taking into account many factors, such as the nature of the business, the local environment, the type of relationship, and the nature and scope of activities to be performed by third parties for Sanofi.

#### 4.B. Measures to protect consumer health and safety

For several decades, the pharmaceutical industry has been operating in a highly regulated environment (see Section "2.2.6. *Marchés – 3. Réglementation*" of our *Document de Référence*). Before products can be brought

to market, numerous clinical trials and laboratory studies must be conducted to assess and, where applicable, improve their benefit/risk profile. Such trials and studies must be carried out in compliance with the Good Clinical Practices and Good Laboratory Practices promoted by the French National Agency for Drug and Health Product Safety (ANSM) and other local and international health authorities.

In addition, at each step of product development, it is necessary to adhere to Good Manufacturing Practices, which aim to guarantee that marketed products meet demanding quality standards.

Compliance with Good Distribution Practices is also essential to ensure quality and guarantee the traceability of products – from the distribution center to the final point of delivery: wholesaler, dispensing pharmacy, hospital pharmacy.

In addition to these good practices, a number of other regulations define legal requirements concerning pharmacovigilance, medical information, and sales and promotional practices.

As a global healthcare leader focused on patients' needs, Sanofi develops, manufactures and markets a wide range of healthcare products worldwide, including a broad-based portfolio of prescription medicines, consumer healthcare (OTC) products, animal health products, vaccines and generics.

Patient safety is an absolute priority for Sanofi. With this in mind, the Group's approach consists of implementing guidelines for quality and continuous improvement to cover each phase of the product life cycle, as well as services associated with our products. To reach this goal, we have set up management systems designed to:

- Ensure the safety of patients taking part in clinical trials;
- Guarantee the quality of our products in development and on the market as well as regulated activities by means of a dedicated quality organization;
- Continuously monitor and assess our products' benefit/risk profile by implementing a drug safety monitoring system;
- Actively combat counterfeiting of our products; and
- Ensure continuity of supplies of our products.

#### 4.B.a. Safety of patients participating in clinical trials

Clinical trials are required as a mandatory part of the approval process for any new drugs and are also carried out during the commercialization phase to ensure product safety monitoring and the development of new indications.

The purpose of clinical trials is to collect data about the efficacy and safety of products in healthy subjects and patients.

Sanofi organizes clinical trials all over the world, including in developing and emerging countries. We take into account the specific needs of the various populations that participate in these trials.

Sanofi applies all international standards for the implementation and monitoring of clinical trials worldwide: The Declaration of Helsinki, the recommendations of the International Conference on Harmonization (ICH) and, in particular, Good Clinical Practices (GCP). In addition to these international standards, Sanofi complies with all applicable national and international rules and laws, in particular European Directives 2001/20/EC and 2005/28/EC, CFR21 regulations issued by the U.S. Food and Drug Administration (FDA) and regulations issued by the Japanese Ministry of Health, Labor and Welfare (MHLW).

Before a clinical trial can start, it is subject to review by the health authorities and by independent ethics committees representing healthcare professionals and patients in the country where the trial takes place, in compliance with applicable local and international laws and regulations.

Each ethics committee is an independent body entrusted with protecting the rights, safety and well-being of human subjects participating in a clinical trial. The committee expresses an opinion on the trial protocol, the suitability of the investigators involved in the trial, the adequacy of facilities, and on the methods and documents used to inform patients enrolled in trials to obtain their free and informed consent.

Sanofi ensures that all subjects (or their legal representatives) enrolled in clinical trials conducted by the Group give their free and informed consent to participate in the trial. Consent must be given prior to any procedure or intervention required by the study protocol involving the subject and before any data are collected. All documents related to clinical trials, in particular the informed consent document to take part in the study, must comply with applicable legislation and must provide subjects with exhaustive, easily understandable information. Participants must be clearly informed of their right to access and amend their personal data as defined by applicable law. Sanofi has put in place procedures and tools to protect the confidentiality of personal data collected during clinical trials.

Sanofi is committed to transparency about our medical research and to providing healthcare professionals and patients with all useful information about our development projects and products so that they may make informed medical decisions. Sanofi discloses information about the results of clinical studies via a dedicated website for healthcare professionals and for participants in clinical trials.

Sanofi implements a strategy of audits of our clinical trials, associated systems and subcontractors potentially involved in the conduct of these trials in order to ensure compliance of operations with the Group's quality standards and applicable legislation, and to implement a continuous improvement process. We determine our audit program based on an evaluation of potential risks identified for clinical research activities. It is designed to ensure adequate coverage of projects and trials conducted in various countries and regions all over the world. In

addition, throughout the world, Sanofi is subject to health authority inspections aimed at verifying compliance with laws and ethical standards relating to clinical trials. None of the 73 inspections conducted in 2015 resulted in regulatory action.

#### **4.B.b. A dedicated Quality organization**

Sanofi's senior management is firmly committed to providing safe and effective products that are developed, manufactured, distributed and marketed in full compliance with regulatory requirements and the Group's corporate values.

To this end, the Chief Quality Officer (CQO), who has direct access to the CEO, is in charge of the Global Quality Organization, which encompasses the various existing quality teams within the Group (including Merial, Genzyme and Sanofi Pasteur), in R&D, Industrial Affairs and our commercial affiliates. This organization ensures the consistent implementation of our quality policy throughout the entire product life cycle and oversees the application of a consistently high standard of quality worldwide, allowing us to protect patients' safety and meet stakeholders' expectations.

To reach this objective, a company-wide Quality Policy is distributed to all employees worldwide (in 27 languages). An updated version of this policy, signed by both the CEO and the Chief Quality Officer, was published in 2015. It reaffirms our commitment to patients, the global reach of our quality principles and the importance of the fundamentals of the quality culture to be upheld by all employees. Quality managers are appointed in each operating entity and each site or affiliate involved in activities that may potentially impact product quality, patient safety or data integrity. They conduct and coordinate quality and compliance activities, ensuring compliance with quality standards within the Group's operational units as well as with subcontractors and suppliers. They also ensure preparedness and monitoring for inspections by the health authorities.

Each Sanofi division monitors the effectiveness of our quality systems by setting objectives, monitoring performance indicators and organizing periodic reviews involving senior management and internal partners.

#### **4.B.c. Quality of marketed products and products in development**

The commercialization of medicines must meet a number of constantly evolving regulatory requirements in order to guarantee optimal product quality.

The quality system put in place by Sanofi guarantees the quality and safety of products marketed by the Group.

This quality system makes it possible to ensure strict application worldwide of the Good Manufacturing Practices set forth by legislation and Sanofi quality assurance directives, and to ensure that subcontractors meet equivalent levels of quality.

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Implementation of the quality system involves the following steps:

- For each product batch, quality controls are performed and documented at every step of production, prior to its release;
- Each year, product quality reviews are conducted for each product on the market in order to assess manufacturing process validity and compliance and ensure continuous improvement;
- A system for monitoring product quality defects reported by patients and healthcare professionals allows for a quick analysis of complaints and the implementation of corrective and preventive actions; and
- An audit strategy has been developed and put in place for operations involved in the production of Group products, related systems and any subcontractors that may be involved in these types of operations. These audits contribute to compliance with regulatory requirements and continuous improvement of our performance.

#### 4.B.d. Pharmacovigilance (drug safety monitoring)

The Sanofi Global Pharmacovigilance and Epidemiology (GPE) Department falls under the responsibility of the Chief Medical Officer (CMO), who reports to the President of R&D, who in turn reports to the CEO. In 2015, the CMO appointed the Pharmacovigilance Manager to the position of Chief Safety Officer (CSO) in order to bolster the position's accountability to senior management. The GPE is our center for medical and clinical expertise devoted to safety evaluation and monitoring, as well as the management of risks associated with the use of all Sanofi medicines during their entire life cycle (development, marketing and commercialization). The portfolio overseen by the GPE includes all products from Sanofi's different entities, with the exception of Merial animal health products.

The GPE's activities comply with all applicable regulations and recommendations in force nationally and internationally.

Compliance with these rules guarantees that the profession's highest standards of practice are maintained, thereby improving patient safety. The standards of Good Pharmacovigilance Practices are routinely applied in all settings, whether or not countries have compulsory safety/product development regulations. These standards also apply to clinical trials and programs that are not directly sponsored by Sanofi and to collaborative projects with NGOs.

The GPE is also in charge of continuous and routine evaluation of the benefit/risk profile of Sanofi products. A specific internal committee, the Benefit/Risk Assessment Committee (BRAC), reviews and assesses a product's benefit/risk profile during all phases – from preclinical to commercialization – and throughout the product's entire life cycle on the market.

Sanofi performs systematic and continuous analyses referred to as "signal detection" to identify pharmacovigilance signals and to allow the proactive assessment of potential risks related to product safety. Signal detection makes it possible to establish corrective action plans to minimize risks. Such plans are subject to validation by the healthcare authorities prior to implementation. The system furthermore includes a product alert process that can be set up to manage risks that may require initiating the crisis management procedure under the leadership of the CEO.

All pharmacovigilance data concerning Sanofi products are stored in a company-wide database under the responsibility of the GPE Department.

Sanofi has developed an audit strategy for pharmacovigilance operations and processes by the Group and by subcontractors and potential partners. Audits are designed to monitor operations' compliance with Group quality standards and applicable regulations, and to implement a continuous improvement process. Audit programs are determined based on an evaluation of potential risks associated with pharmacovigilance operations and are carried out by a specialized in-house quality team working independently of operational teams.

For our Animal Health business, Merial has a Global Pharmacovigilance Department attached to its R&D Regulatory Affairs Department. The Global Pharmacovigilance Department has policies, procedures and practices in place to monitor, evaluate and communicate on any risks relating to Animal Health. We maintain quality and consistency across all our pharmacovigilance operations so that, in particular, Merial affiliates and third parties working in collaboration with Merial are able to identify and report any adverse events to the Global Pharmacovigilance Department.

#### 4.B.e. Continuity of supplies

Compliance with Good Distribution Practices is essential to ensure quality and guarantee the traceability of products from the distribution center to the final point of delivery: wholesaler, dispensing pharmacy or hospital pharmacy.

The role of Sanofi's Supply Chain division, which reports to Industrial Affairs, is to guarantee the continuous supply of drugs to patients, without any interruptions. Our goal is to meet a "zero out of stock" objective, meaning that no link in the chain must be missing or defective.

The processes involved in preserving continuity of supplies include the following activities:

- Defining product inventory levels, taking into account the criticality, manufacturing times and volatility of products from the viewpoint of commercial forecasts;
- Activating back-up solutions as needed for certain products; and
- Coordinating and supervising crisis situations when necessary.

Ensuring continuity of supplies across the entire chain, from the procurement of raw materials through to the distribution of medicines, is part of Supply Chain and part of Group risk management – in terms of definitions as well as procedures, evaluation processes, action plans and monitoring. Cross-functional, multi-disciplinary committees oversee the detection, coordination, steering and resolution of high-risk situations to guarantee continuous supply for operations.

Sanofi has also developed an audit strategy for operations involved in the distribution of the Group's products, related systems and subcontractors that may be involved in these operations, in order to monitor compliance of operations with our quality standards and applicable regulations, and to implement a continuous improvement process.

#### 4.B.f. The fight against counterfeit drugs

For several years, Sanofi has taken a proactive approach to the fight against counterfeit drugs, a major public health challenge. At present, all therapeutic product lines are exposed to counterfeiting and all countries may be affected by this increasingly common phenomenon.

The Group is committed to a wide range of initiatives designed to help combat counterfeit drugs worldwide and curtail this phenomenon:

- Sanofi's Central Coordination team upholds this goal by working on a day-to-day basis to investigate every product suspected of being counterfeit. It also supports the efforts of national and international health and law enforcement authorities to help ensure that patients all over the world have access to quality medicines;
- The Central Anti-Counterfeit Laboratory (LCAC) is equipped with a dedicated team of specialists and state-of-the-art technologies to identify and analyze counterfeit products. Since 2008, over 30,000 products have been registered with the LCAC for the purpose of detecting counterfeit products; and
- The Group also uses verification systems and processes designed to improve efforts to combat falsification and rapidly establish product authenticity, such as anti-counterfeit security labels, tamper-evident packaging, and the Data Matrix identification system (using a two-dimensional barcode) for product identification (serialization/aggregation).

#### 4.C. Relations with healthcare professionals

Our relationships with healthcare professionals are of prime importance in order to pursue innovation in the complex world of healthcare and ensure that our projects meet patients' healthcare needs. We work with healthcare professionals every day to advance biomedical research

and support the proper use of our healthcare products and services. We collaborate with healthcare professionals in order to:

- Better understand the diseases we are researching and further our knowledge of disease physiopathology and the mechanism of action of new compounds;
- Design and conduct clinical trials on both compounds under development and marketed products to evaluate their safety and efficacy, and promote their proper use;
- Benefit from their expertise and adapt our projects to serve patients;
- Encourage the proper use of our products; and
- Organize scientific meetings on various diseases and disease environments and the healthcare products we offer.

#### 4.C.a. Transparency in our relations with healthcare professionals

As a patient-centered healthcare company, we conduct our business in line with the highest standards of ethics and integrity. This is of vital importance to ensure transparency in our relations. Over the last decade, several countries have introduced regulations concerning transparency in relations for the healthcare industry, including France, the United Kingdom, the United States and – as of January 1, 2015 – all 33 European countries<sup>(1)</sup> covered by the EFPIA Code on Disclosure of Transfers of Value from Pharmaceutical Companies to Healthcare Professionals, Healthcare Institutions and Healthcare Organizations, commonly referred to as the Disclosure Code. We are committed to complying with all national and international regulations governing relations with healthcare professionals. To this end, we provide all our employees with relevant information and training at all levels within the Group. Employee engagement is essential and goes hand in hand with our responsibility as a global leader in the healthcare industry.

We apply strict rules to ensure scientific quality while providing fair compensation for expertise. Healthcare experts are chosen on the basis of objective criteria relating to the purpose of the scientific mission entrusted to them. This enables us to verify the professional's expertise, e.g., medical specialization, publications, research and teaching. The information Sanofi provides to experts must ensure the objectivity of the expert and the scientific quality of his or her mission. As the work they perform requires time and expertise, experts should be compensated. Compensation must be reasonable and represent fair payment for work performed in compliance with internal rules.

(1) Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom.

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Benefits such as hospitality (meals and lodging) are always incidental to the scientific purpose of the mission, and are granted in strict compliance with Sanofi's own internal rules as well as external regulations.

**4.C.b. Promotional information concerning our products**

As a global pharmaceutical company, Sanofi adheres to the codes governing our industry in Europe (EFPIA), the United States (PhRMA) and worldwide (IFPMA). Sanofi's internal codes designed to oversee promotional activities are based on these guidelines and refer to them explicitly.

Our Medical Affairs and Ethics & Business Integrity Departments have established procedures and directives that comply with international standards:

- For scientific information provided via promotional or non-promotional materials: Best practice guidelines govern communications on medicinal and healthcare products via promotional documents and materials, the provision of medical objects, etc.;
- For both scientific and promotional information provided via websites: Our Internet Committee has established a validation procedure for all websites developed by the Group and our affiliates worldwide; and
- For interactions with healthcare professionals: We have established rules governing hospitality associated with scientific events, as well as rules governing compensation and commitments with respect to the experts we contract with for services.

To uphold ethical principles in our marketing practices, we are also committed to:

- Providing ongoing training for medical sales representatives and evaluating medical sales visit presentations;
- Applying the highest ethical standards to scientific materials;
- Providing accurate, up-to-date and objective scientific information so our employees are knowledgeable in their interactions with healthcare professionals and consistent with applicable regulatory requirements;
- Supplying documentation that allow health professionals to objectively assess the quality of our products and the uses for which they were developed;
- Making certain that our product information is based on scientifically proven results; and
- Conducting internal audits to ensure affiliates' compliance with the approval procedures for scientific materials and with Sanofi codes and applicable law concerning promotion.

**4.C.c. Medical sales calls in France**

In 2004, the French Pharmaceutical Companies Association (LEEM) and the Economics Committee for Health Products (CEPS) signed a charter for pharmaceutical sales visits to physicians. With this charter,

LEEM members undertake to provide physicians with high-quality verbal and written information, maintain high-quality practices with regard to their partners, and enable physicians to express their opinion on the quality of medical sales calls. These undertakings were expanded in July 2008 to include medical sales calls at hospitals and to all healthcare professionals (doctors, hospital pharmacists, dispensary pharmacists, nurses, etc.) in the charter published October 15, 2014.

In February 2007, Sanofi's medical sales representatives were among the first to be certified on the basis of the guidelines established by the French National Authority for Health, which mirror this charter. Since then, certification has been renewed each year following an audit.

Sanofi's policy to ensure the quality of medical sales calls focuses on four aspects:

- The level and assessment of medical sales representatives' knowledge about products and the regulatory environment;
- The quality and updating of promotional documents;
- The quality of medical sales call presentations; and
- Ethical conduct in relations with healthcare professionals and patients.

Sanofi has also established a toll-free number to allow physicians to give feedback on the quality of medical sales calls.

In October 2014, LEEM and CEPS signed a new promotional information charter. It replaces the 2004 charter for medical sales calls and reforms the framework governing the provision of promotional information by guaranteeing the quality of the information provided to all healthcare professionals and promoting the proper use of medicines. This revised charter also factors in the changes introduced by the French Act of December 29, 2011 on strengthening drug and health product safety. In this regard, the French National Authority for Health will update its certification procedure. Until new guidelines are published, the 2009 version will continue to apply.

**4.3.5. Initiatives to support human rights**

Respect for human rights is one of the cornerstones of Corporate Social Responsibility for Sanofi. We are convinced that the principles of human rights apply to people, to nations and, by extension, to businesses. Sanofi supports and applies the United Nations Guiding Principles on Business and Human Rights.

In keeping with these principles, Sanofi has adopted a proactive, company-wide approach to ensure that respect for human rights is integrated at all levels of the Group's operations by:

- Performing self-assessments of internal practices for a selection of key issues facing the Group (non-discrimination, the abolition of forced labor, the abolition of child labor, freedom of association, etc.);

- Adopting targeted policies on employee rights (see Section “4.1.6. Promotion of and compliance with International Labour Organization (ILO) Conventions”);
- Identifying human rights issues along the value chain: In 2013, Sanofi developed a guide entitled “Human Rights in Our Activities,” which describes the four key steps in the life cycle of a drug. For each step, the guide includes information on respect for fundamental human rights principles, stakeholder expectations and a selection of Sanofi good practices. It was published and made available to all Sanofi employees in late 2013. To facilitate its implementation, the guide is accompanied by resources for managers (mini intranet site and presentation materials);
- Taking human rights into account when analyzing risks at the Group level by identifying specific risks and by considering potential patient impacts when assessing the severity of risks;
- Training employees: since 2010, 147 managers and senior executives representing more than 25 functions have participated in a one-day training session on human rights in the workplace, organized with the support of outside experts. Specific training on human rights for Group auditors was established in 2015, and 26 internal auditors have now been trained. An e-learning module that provides information about human rights is also being prepared; and
- Auditing suppliers through a program that has been in place since 2007 (see Section “4.3.3. Subcontracting and suppliers”).

The Group also participates in inter-company initiatives and working groups on human rights within the scope of Entreprises pour les Droits de l'Homme (EDH), which Sanofi joined in 2007 as a founding member.

## 4.4. HOW CORPORATE SOCIAL RESPONSIBILITY INFORMATION IS REPORTED: METHODOLOGICAL NOTE

### Scope of consolidation

Unless otherwise specified:

- HR data are consolidated for all Group companies worldwide that are fully consolidated, regardless of their activity (industrial or research sites, commercial affiliates or administrative headquarters);

- Health and safety data (occupational accidents and injuries) are consolidated at the global level for all Group companies, including joint ventures and consolidated companies included in the Group's financial results; and
- Environmental data (including spending and investments) are consolidated for all industrial sites (the Fawdon site was not taken into account for reporting purposes due to the cessation of its activity in the second quarter of 2015) and research sites. The environmental impact measured as CO<sub>2</sub> emissions from all company vehicles includes all Pharmaceutical Operations affiliates. The environmental impact of administrative headquarters locations is not included within this scope.

### Changes in scope

Within the Group, changes in scope (new sites, site closings, transfers of activity) between 2014 and 2015 were analyzed according to predefined rules in order to assess Group performance on a scope that is comparable from one period to the next.

### Reporting guidelines

In order to ensure the uniformity and reliability of indicators used for all entities, the Group has implemented standard reporting guidelines covering social factors as well as safety and environmental factors. These documents specify the methodologies to be used for indicator reporting across the entire Group: definitions, methodological principles, calculation formulas and emission factors. In addition, Sanofi has adopted standard data collection tools:

- Social data: As of 2015, Convergence (Sanofi's global HR data platform) covers almost all of Sanofi's workforce (97.3%). The platform was launched in 2011 to facilitate personnel management and process implementation, and to provide managers and employees with access to a wide array of HR information and tools. The Convergence data quality controls that were bolstered in 2013 were continued at the global level and within Group entities in 2014 and 2015;
- Safety data: The MSRS system was used to collect and consolidate safety data for Sanofi's entire scope in 2015; and
- Environmental data: The GREEN tool was used to consolidate all 2015 Sanofi data contained in the report. This tool and the guidelines are updated and improved on a regular basis. In particular, the Group carried out a hard close in 2015 for the indicators included in this report.

The reporting period for 2015 environmental indicators from 2015 begins October 1, 2014 and ends October 31, 2015.

## 4.4 HOW CORPORATE SOCIAL RESPONSIBILITY INFORMATION IS REPORTED: METHODOLOGICAL NOTE

Energy, greenhouse gas and water indicators are estimated for the last quarter of 2014 using average amounts based on real data from the first three quarters of 2014.

#### Additional information and methodological limits

The methodological principles for certain HSE and labor indicators may have limits due to:

- The absence of definitions recognized on a national and/or international level, in particular concerning the different types of employment contracts;
- The necessary estimates and the representative nature of the measurements taken, or the limited availability of external data required for calculations;
- The practical methods used for data collection and entry; and
- The fact that HSE operating expenses are extracted from the GREEN reporting tool and entered by the HSE representatives for each site.

As a result, we make every effort to list the definitions and methodology used for the following indicators and, where appropriate, the confidence limits involved.

#### Safety indicators

##### **Occupational injury with lost time frequency rate**

The frequency rate of occupational lost time injuries is defined as the number of accidents resulting in lost time of one day or more within a 12-month period, per million hours worked.

For non-mobile personnel, accidents occurring during the home-workplace commute are not included in this indicator. However, they are included for medical sales representatives, in accordance with the reporting rules defined by the Group.

In the event that additional accidents have not yet been recorded at the close of the financial year, or if changes in the qualification of accidents are observed after the financial year has ended, the frequency rate is subsequently corrected.

##### **Total occupational injury frequency rate**

Sanofi decided not to publish the severity rate calculated according to the criteria defined by French regulations. Because this rate is calculated solely on the basis of the number of days of lost time, it does not reflect the actual severity of injuries from an international standpoint.

In other words, for a given injury, the number of days of lost time may vary considerably from one country to another depending on the applicable regulations and compensation systems. As a result, Sanofi has decided to publish the total occupational injury frequency rate.

The total occupational injury frequency rate is defined as the number of occupational injuries with or without lost time, per million hours worked.

##### **Motor vehicle accidents**

Accidents are considered to be motor vehicle accidents if they occur when the driver is at the wheel of the vehicle (driving or parking the vehicle).

This concerns all traffic accidents occurring with vehicles owned or leased by the Group or owned by the employee if the vehicle is driven on a regular basis for professional purposes (medical sales representatives).

##### **Environmental indicators**

Environmental indicators are collected during an annual campaign. Indicators relating to energy and water consumption, however, are collected during quarterly campaigns.

##### **CO<sub>2</sub> emissions**

Direct emissions are calculated on the basis of data from the Greenhouse Gas (GHG) Protocol in relation to fuel emission factors. Indirect emissions resulting from other energy sources purchased off-premises and taken into account include the following:

- Emissions in connection with electricity production: Emission factors are obtained from the report entitled "CO<sub>2</sub> Emissions from Fuel Combustion 2015 – Highlights," published by the International Energy Agency (IEA). Emissions in 2015 were estimated on the basis of the most recent emission factors (end of 2013). For the preceding years, emissions for the year "Y" were calculated on the basis of the emission factor for the year "Y-2";
- Emissions in connection with the production of steam are calculated on the basis of site-specific factors or estimations set forth in the Group's standards; and
- Emissions from vehicles used by medical sales representatives are not included.

##### **Percentage of renewable electricity**

The percentage of renewable electricity compared to total electricity purchased is calculated using real data when such information is specified in electricity supply contracts. In other cases, it is calculated on the basis of International Energy Agency (IEA) data.

##### **Volatile Organic Compound emissions (VOCs)**

VOCs are estimated on the basis of mass balance. The classification of volatile organic compounds is based on EU regulations.

Following the action plan implemented by the HSE Department to analyze VOC emissions and the modification to the 2015 reporting period, reported VOC

values correspond to values from the 2014 calendar year for 66 sites that used more than five tons of solvents during the year 2014 (the Ocoyoacac site [solid form products] and the Toronto site, not significant, were not included). The information was collected using a dedicated questionnaire.

#### **Wastewater discharge**

The data presented correspond to effluents after internal and/or external treatment. In the absence of information on external treatment, a purification rate of 50% is assumed for the COD.

For sites using solvents, we proceeded from the assumption that the volume of solvent present in the effluents could not exceed 5% of the total volume of solvent used.

#### **Waste**

The distinction between hazardous and non-hazardous waste corresponds to that used in European regulations for European Union member countries (Decision 2000/532/EC of May 3, 2000) and that used in local regulations for other countries. It is noted that waste from soil remediation operations is not included in the published operational total. Recovery refers to recycling and incineration with energy recovery.

#### **Social indicators**

##### **Worldwide workforce**

Employees under contract include all employees that have an employment contract (permanent or fixed-term) with a Sanofi Group company as of the last calendar day of the year. Employees under contract are measured in terms of headcount, irrespective of hours worked or their date of hiring during the month.

##### **Worldwide new hires and departures**

New hires do not include movements within the Group, such as international, inter-company or inter-site transfers.

Departures do not include movements within the Group, such as international, inter-company or inter-site transfers.

For 2015, we applied a specific methodology to exclude all intra-Group movements. Moreover, we took steps to enhance the reliability of movement-related data from the Convergence platform. Data on movements (new hires and departures) cover more than 97% of the scope of reporting. They do not include companies that were consolidated or acquired during the year or movements relating to companies not included in Convergence, for which data on new hires and departures are not collected.

Fixed-term contracts that were converted into permanent contracts were not taken into account for either new hires or departures.

##### **Lowest average wages**

In 2015, the average of the lowest 15% of wages was compared to the minimum wage provided for by law or collective agreement in five countries that are representative of the diverse locations of Sanofi's worldwide sites (Brazil, China, France, Germany and the United States).

Data on wages were specifically extracted from Sanofi's payroll systems in the countries in question. Gross annual base pay excludes variable compensation (collective and individual), team bonuses and exceptional bonuses paid in addition to wages. In France, average wages were calculated solely on the basis of wages paid under permanent contracts. Additional methodological information on the components of compensation that were taken into account for calculations and the minimum wages applicable in the different countries is available from Sanofi upon request.

##### **Absenteeism**

Days of absence correspond to the length of absences, expressed as a number of business days, recorded by each human resources system in five major countries (Brazil, China, France, Germany and the United States) in accordance with local regulations. The length of absence beyond which employees are considered "inactive" instead of "absent" thus varies from one country to the next. In 2014, in addition to France, the Group decided to add four major countries that account for a large portion of the workforce. The scope of this indicator includes actively working permanent employees but excludes temporary staff, interns, apprentices, summer job staff and inactive employees. Absenteeism data do not include absences authorized by the company: paid leave, holidays, unpaid leave, parental leave, sabbatical leave, business creation leave, leave for family-related responsibilities and unworked notice periods.

##### **Social dialogue**

Social dialogue data are provided by the human resources departments in each of five major countries (Brazil, China, France, Germany and the United States). Collective bargaining agreements are defined as those that have been signed by the company itself or the employers' organizations to which it belongs. Where a specific agreement has been signed by several sites or entities, it is taken into account only once.

##### **Hours of training**

Reporting on hours of training was introduced in 2014 in four of the five major countries where the Group operates (Brazil, China, Germany and the United States), representing 59% of employees worldwide (including France, which has a special reporting mechanism; see below). Because this reporting is based solely on data recorded in local databases, the relevant indicator may be underestimated.

#### 4.5 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

Data on hours of training collected for reporting purposes correspond to:

- Mandatory training, particularly regulated training; and
- Training organized by Sanofi (in-person or e-learning training) and provided by in-house or external trainers.

In Brazil, China, Germany and the United States, quantitative training data (total number of hours provided) are consolidated on the basis of reports from each Sanofi entity in each of these countries, with the exception of Brazil where Animal Health activities are excluded.

In France, quantitative training data (number of hours of training and number of participants in 2015) are consolidated on the basis of reports from each Group company (including Merial and Genzyme). In the future, reporting on training will be enhanced through the use of a tracking and reporting tool shared across all Group companies in France. The number of participants was estimated.

##### **Percentage of women in the Top 400**

The Top 400 are defined as senior executive and management positions considered to be essential for business continuity and workforce planning at the global level. These positions are identified by the heads of global operations and the human resources departments of the relevant divisions, and the corresponding data are entered in the Convergence platform. Managers are defined as individuals with one or more direct subordinates.

##### **Consolidation and internal controls**

The Corporate HR and HSE Departments are responsible for ensuring that all data are consolidated on the basis of information provided by the industrial and research sites and Group affiliates or administrative headquarters throughout the world.

When sites include more than one function, environmental impact is either attributed to the one with the greatest impact or shared among the functions. HSE coordinators for each activity perform an initial validation of safety and environmental data prior to their consolidation. Corporate HR and HSE also verify data consistency during consolidation.

These validations include data comparisons from previous years as well as careful analysis of any significant discrepancies.

Social data regarding the workforce are compared with consolidated data in the management control database.

To ensure that site representatives have properly understood the HSE indicators, and to ensure that the data reported correspond with those requested, HSE data verification is carried out during in-house audits conducted at Group sites.

##### **External controls**

In accordance with the provisions of the French “Grenelle II” decree of April 24, 2012 and the French Ministerial order of May 13, 2013 on the verification of CSR data, Sanofi has designated one of its statutory auditors as the independent third party (*Organisme Tiers Indépendant*, or OTI) responsible for verifying the disclosure and fair presentation of its CSR information. The OTI’s statement certifying the disclosure and fair presentation of CSR information, included in Section 4.5 of our *Document de Référence*, details the work carried out by the OTI, as well as its comments and conclusions.

## 4.5. Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

##### **For the year ended December 31, 2015**

To the Shareholders,

In our capacity as Statutory Auditor of SANOFI (the “Company”), appointed as independent third party and certified by COFRAC under number 3-1060<sup>1</sup>, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2015, included in the management report (hereinafter named “CSR Information”), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

##### **Company’s responsibility**

The Board of Directors is responsible for preparing a company’s management report including the CSR

<sup>1</sup> whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)

#### 4.5 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

Information required by article R.225-105-1 of the French Commercial Code in accordance with the CSR procedures and standards used by the Company (hereinafter the “Guidelines”), summarised in the management report and available on request from the company’s head office.

##### Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

##### Statutory Auditor’s responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that CSR Information taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved four persons and was conducted between October 2015 and March 2016 during a 20 week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000<sup>2</sup> concerning our conclusion on the fairness of CSR Information.

##### 1. Attestation regarding the completeness of CSR Information

###### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company’s sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the “Methodological information, Methodological details on CSR information” section of the management report.

##### Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report, with the exception of:

- the VOC emissions which has been presented for a different period from January, 1<sup>st</sup> 2014 to December 31, 2014 rather than the fiscal year. This timeshifting is explained in the methodological notes,
- following information, absenteeism, training and social relations, for which the scope is limited (59% of headcount), as mentioned in the methodological notes.

##### 2. Conclusion on the fairness of CSR Information

###### Nature and scope of our work

We conducted around 20 interviews with about 20 persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important<sup>3</sup>:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the

<sup>2</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

<sup>3</sup> Detailed in appendix

#### 4.5 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of entities selected by us<sup>4</sup> on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 34% of headcount and on average 25% of quantitative environmental data disclosed.

For the remaining consolidated CSR information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

#### Conclusion

Based on the work performed, except for the possible effects of the period retained for the presentation of the VOC emissions and the scope of the following information, average wage of employees earning the lowest 15% of wages compared to the minimum wage provided for by local law, absenteeism, training and social relations, as mentioned above, no other material misstatements have come to our attention that cause us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 3<sup>rd</sup>, 2016

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Philippe Vogt  
Partner

Sylvain Lambert  
Partner of "Sustainable  
Development" Department

**Appendix:** CSR Information that we considered to be the most important

#### Human resources

- Total workforce and split by gender, age and geographical area;
- Hires and dismissals;
- Compensation and variation;
- Health and safety condition at work;
- Frequency and seriousness of incident;
- Occupational diseases;
- Training hours;
- Measures promoting gender equality;
- Promoting and respect for the clauses of ILO convention.

#### Environmental information

- Organization of the company to take into account the questions of environment;
- Amount of provisions and guarantees for environmental risks
- Prevention, reduction and fixing of air/water/soil emissions;
- Measure of prevention, recycling and elimination of waste;
- Water consumption and water supply according to the local constraints;
- Consumption of raw materials and measures taken to improve the efficiency of their use;
- Energy consumption, measures taken to improve the energy efficiency and resort to the renewable energies;
- Emission of greenhouse gas.

#### Social information

- Territorial, economical and social impact of the activity on the society;
- Relationships with stakeholders;
- Subcontracting and suppliers;
- Fair practices;
- Consumer safety.

<sup>4</sup> HR sites located in Germany, Brasilia and France; industrial sites and VM sites located in Germany (Frankfurt am Main), in Brasilia (Sao Paulo, Campinas and Paulinia), in Canada (Laval), in Spain (Barcelone), in United States (Framingham), in France (Sisteron, Gentilly (CSVB), Vitry sur Seine, Marcy), in Hungary (Ujpest and Budapest), in India (Hyderabad and Mumbai), and in Italia (Brindisi).