



SANOFI


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## Using this report

### • SECTION TABS

Use the section tabs on the right side of each page to navigate between sections.

For instance: 


### • CONTENT PAGE

Use the section headings above to navigate to the relevant sections in the report.

For instance: **1. Introduction**

### • VALUE CREATION

These icons refer to specific examples of value created by Sanofi, for the Company or its stakeholders.

For instance: 


### • UN SDG

These labels refer to the United Nations Sustainable Development Goals (UN SDGs) covered by actions and initiatives led by Sanofi and mentioned in the CSR performance section of this report.

For instance: 

### • GRI-G4

These labels refer to the GRI indicator covered by the associated text of the report.

For instance:  **G4-12**

### • RELATED CONTENT IN THIS REPORT:

Use the underlined navigation throughout the report to access related information elsewhere in this report online.

### • MORE

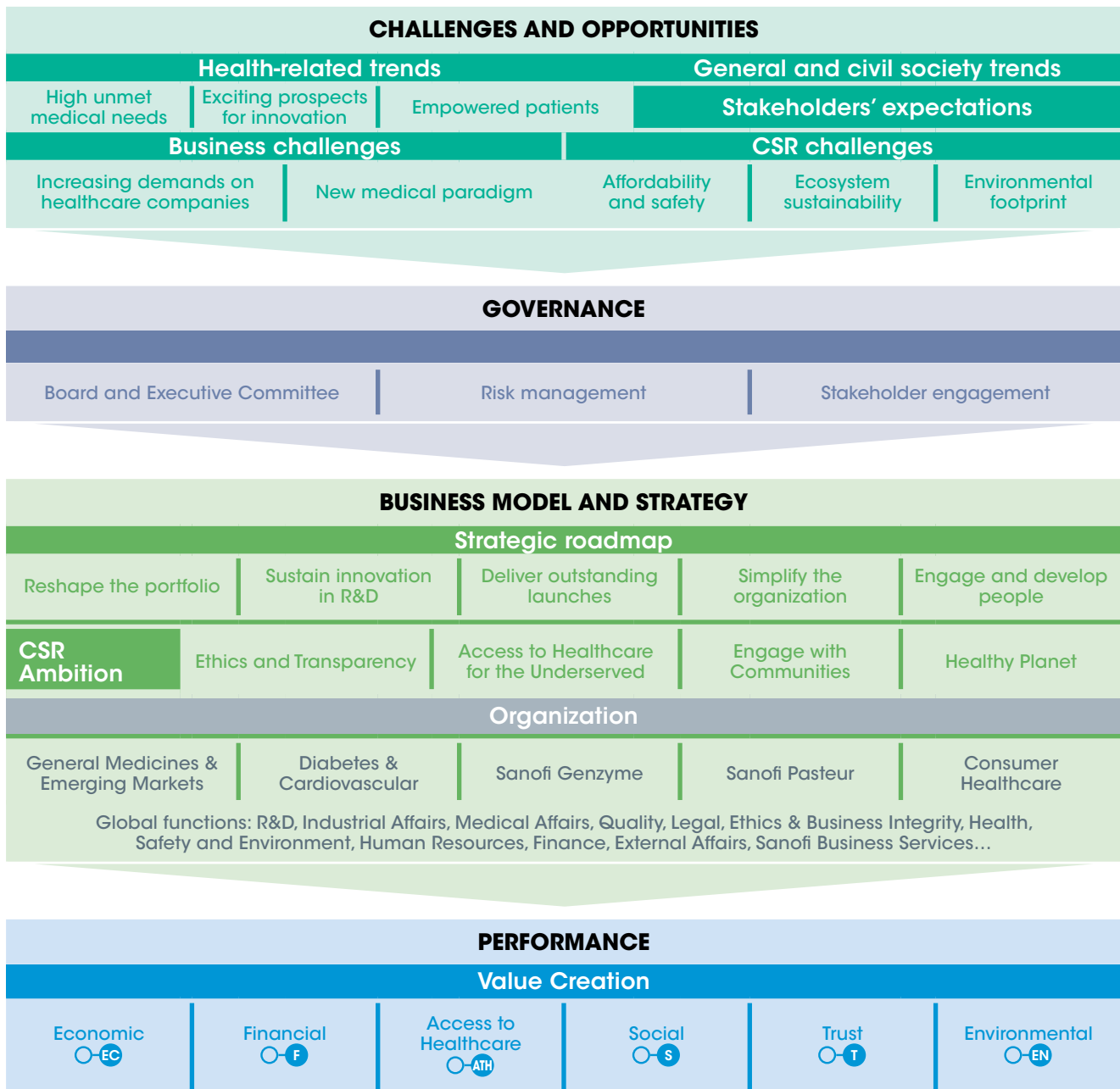
Wherever you see this symbol, visit our website: [www.sanofi.com](http://www.sanofi.com), or our download center: [http://en.sanofi.com/csr/download\\_center/download\\_center.aspx](http://en.sanofi.com/csr/download_center/download_center.aspx), or our other publications to find more content for all Sanofi topics, initiatives and positions.

# 1.1 Sanofi's integrated approach: a company-wide strategic focus

This first 2016 Integrated Report presents Sanofi's strategic roadmap on sustainable value creation. It contains information about our market outlook, our value chain and the events relating to our activities that took place in 2016, as well as major events in early 2017. We seek ways of demonstrating our contribution to the major challenges and key issues that Sanofi must address today,

linking sustainability performance to business results. This report highlights our strategy in line with our market vision, anticipating a shift towards preventive, predictive, personalized and participatory medicine, and the strong alignment of the strategies of our Global Business Units and Functions with the Company roadmap. Our strategic roadmap is completed by our CSR ambition which is based on four pillars: upholding

ethics and transparency, contributing to access to healthcare for the underserved, engaging with communities and addressing environmental challenges. We believe that both are essential to creating financial and non-financial value. The following chart is not only a guide to navigation through the different sections of the report. It also explains the links between each element.



## 1.2 Company profile

Sanofi, a global healthcare leader,  
is committed to preventing  
and treating diseases and supporting  
people around the world.

More than  
**100,000**  
employees in the world

Present  
in more than  
**100**  
countries

**€33.8 bn**  
net sales<sup>(1)</sup>









(1) Following the closing of the business swap with Boehringer Ingelheim (BI), which consisted of an exchange of Sanofi's Animal Health business and BI's Consumer Healthcare business, those figures are presented excluding Animal Health business.

▷ G4-4 ▷ G4-6

● **More:**  
> Sanofi's Commitment and  
Contribution to the UN Sustainable  
Development Goals Factsheet  
▷ G4-15

# 1.3 Overview of value created by Sanofi

Through the execution of our strategy and daily activities, we contribute to create shared value for both the Company and our stakeholders, always mindful of our impact on the communities in which we operate. The indicators below show the different nature of value created, in terms of economic, financial, access to healthcare, trust, social and environmental value.

Value creation			
 <p><b>Economic</b></p>	<p><b>83</b> industrial sites in <b>37</b> countries</p>	<p>Approximately <b>40,000</b> industrial employees and more than <b>16,000</b> employees committed to <b>46</b> R&amp;D projects</p>	<p>In total, <b>1,217,900</b> jobs worldwide supported indirectly by Sanofi</p>
 <p><b>Financial</b></p>	<p>Business net income<sup>(1)</sup> <b>€7,308 M</b></p>	<p><b>€2.96</b> dividend/share for 2016</p>	<p>R&amp;D expenses represent <b>15.3%</b> of sales</p>
 <p><b>Access to Healthcare</b></p>	<p>More than <b>241 million</b> beneficiaries of our Access to Healthcare programs in more than <b>90</b> countries</p>	<p>More than <b>1 bn</b> doses of vaccines produced in 2016, for the immunization of more than <b>500 million</b> people worldwide against 20 serious diseases</p>	<p><b>Sanofi</b> is a member of the Access Accelerated Initiative (AAI) towards the UN Sustainable Development Goals target for reducing premature deaths from NCDs by 2030</p>
 <p><b>Social</b></p>	<p><b>42%</b> women members of the Sanofi Board</p>	<p>Over <b>180</b> submissions from more than <b>40</b> countries for the 2016 Sanofi CSR Awards</p>	<p>An <b>occupational accident rate</b> with lost time was stable compared to 2015, with a frequency rate of 1.7<sup>(2)</sup></p>
 <p><b>Trust</b></p>	<p>Over <b>190,000</b> ethics and business integrity training modules followed by Sanofi employees worldwide</p>	<p><b>Sanofi Bioethics Committee</b>, ensuring ethical conduct in our clinical development programs</p>	<p>International stakeholder panel, gathering over <b>40</b> representatives from the civil society</p>
 <p><b>Environmental</b></p>	<p><b>19.4%</b> reduction in scopes 1 and 2 CO<sub>2</sub> emissions (excluding emissions from sales forces vehicles) compared to 2010</p>	<p><b>13.6%</b> energy consumption decrease compared to 2010</p>	<p><b>18.3%</b> reduction in water consumption compared to 2010</p>

(1) See definition under section "A.1.5. Segment information - 3/ Business Net Income" of Sanofi 2016 20-F Report.

(2) Excluding Meril. The number of accidents with lost time equal or superior to one day over a twelve month period relative to a million hours. Home to workplace accidents for non-mobile employees are not included. However, these accidents are included for travelling sales staff, in line with reporting rules. The 2015 results were recalculated on the basis of the Company's end-2016 structure for the purposes of the comparison.

▷ G4-6 ▷ G4-8 ▷ G4-56 ▷ G4-SO1 ▷ G4-EN15 ▷ G4-EN16

● **Related content on this report:**

- > Performance
- > GRI indicators

● **More:**

- > On our website: <http://en.sanofi.com/company/sanofi-at-a-glance/sanofi-at-a-glance.aspx>
- > CSR Indicators table and Auditor's report Factsheet

## 1.4 Message from the CEO

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In 2016, we made strong progress on our 2020 strategic roadmap, as we transform into an agile and innovative global pharmaceutical leader serving the needs of patients worldwide. Our work in dynamic franchises – such as rare diseases, multiple sclerosis, and vaccines – and our performance in emerging markets enabled us to achieve solid financial results.

We believe that sustainability is business and that business is sustainability. We consider Corporate Social Responsibility (CSR) to be both a catalyst and a contributor to new and evolving business models. In this, our first integrated report, we emphasize our approach to integrated thinking within our organization and discuss how, by breaking down silos, Sanofi creates value over time for its diverse stakeholders.

One of our key priorities is access to healthcare for underserved populations. To that end, we are a founding partner of the Access Accelerated Initiative, an international coalition launched to address the burden of non-communicable diseases in lower income countries, with a goal of reducing premature deaths from those diseases by one third by 2030. Thanks to our longstanding commitment, we are closer than ever to achieving the eradication of polio and elimination of sleeping sickness and lymphatic filariasis. Furthermore, we are pursuing innovative efforts in the treatment of malaria and tuberculosis.

Our commitment to CSR is also illustrated by our longstanding adherence to the United Nations Global Compact as well as our contribution to the achievement of the United Nations Sustainable Development Goals.

I would like to extend my warmest thanks to our shareholders for their support and confidence in Sanofi's leadership, and to our employees for their firm engagement.

**Olivier Brandicourt,**  
**Chief Executive Officer, Sanofi**

May 2017



**“Sanofi is a founding partner of the Access Accelerated Initiative, which is committed to addressing the burden of non-communicable diseases.”**

# 2.1 Medicine in a changing world

## Trends transforming the pharmaceutical industry

Far-reaching changes are reshaping today's society. The advance of climate change, the new demands of an ageing population or the digital revolution all bring challenges, but also opportunities. Together, these megatrends are transforming the pharmaceutical industry and driving a new approach to medicine, an approach in which patients, healthcare professionals and Sanofi are forging a new collaborative relationship.

### 1. General trends

#### 1.1 Growing and ageing population

- 8.5 billion people by 2020, 10 billion by 2050.

Source: UN, *World Population Prospect*, 2015.

- 400 million seniors in BRICM (Brazil, Russia, India, China and Mexico) in 2017 (vs 220 million in 2014).
- 2 billion children by 2020.

#### 1.2 Urbanization

- 66% of the world's population urban by 2050 (30% in 1950).

Source: UN, *Report on World Urbanization*, 2014.

#### 1.3 Environmental issues/pollution

- 98% of cities in low- and middle-income countries with more than 100,000 inhabitants do not meet WHO air quality limits.

Source: WHO, *Global Urban Ambient Air Pollution Database* (update 2016).

#### 1.4 Climate change

- From 0.3 to 4.8 degrees Celsius: the forecasted rise of temperature over the next century, depending on the amount of greenhouse gas emissions generated by human activity.

Source: *The Intergovernmental Panel on Climate Change (IPCC), fifth Assessment Report*, 2013.

#### 1.5 Income wealth disparity

- 89% of all global assets owned by the wealthiest top 10%.

Source: *The Global Wealth Report 2016*, Crédit Suisse.

#### 1.6 Digitization and technological breakthrough

- 20.8 billion connected objects in use worldwide by 2020 (4.9 billion in 2015).

Source: Gartner, 2015.

- By 2020, an entire generation will have grown up in a primarily digital world.

Source: PWC, *"Digitization for economic growth and job creation"*, 2013.

### 2. Civil society trends

#### 2.1 Call for transparency and ethics

- More than 25% of a company's market value is directly attributable to its reputation.

Source: *World Economic Forum*, 2012.

#### 2.2 Willingness to co-construct and be involved in communities

#### ● Related content on this report:

- > 3.1 Value chain
- > 3.2 Strategic roadmap
- > 4.4 A proactive and structured risk management approach



### 3. Health-related trends

#### 3.1 Unmet medical needs remaining high

New and emerging healthcare issues raise new challenges. Longer lifespans, climate change, pollution and changing lifestyles all contribute to the spread of chronic and infectious diseases. Many remain uncontrolled or undiagnosed, in particular non-communicable diseases. Diabetes may become the next pandemic, with 80% of patients in emerging countries.

Source: International Diabetes Federation, *Diabetes atlas*, 2013.

In addition, at least one third of the world's population has no regular access to medicines and closing the health access gap between and within countries is a key challenge.

Source: WHO, *The World Medicines Situation Report*, 2011.

#### 3.2 Exciting prospects for innovation

New science is opening possibilities: genomics is beginning to fulfill its promises, immuno-oncology is transforming cancer treatments, big data is generating new insights into disease, and digital is transforming care delivery. Digital technology is also driving stronger engagement with patients and connected healthcare solutions in prevention, diagnosis and monitoring of diseases. It is also opening the door to new business models.

#### 3.3 Empowered patients

Patients around the world, including a growing middle class in emerging markets, are demanding better care, empowered by access to new information. Physicians are no longer the only health influencers: digital technology and the social media have led to an era of health "consumerism" in which blogs by digital opinion leaders and the rise of patient advocacy organizations are changing perceptions of mainstream medicine.

### 4. Business challenges

#### 4.1 Increasing demands on healthcare companies

People are demanding affordable universal health coverage and requiring more transparency leading to relevant regulations. Pricing is also under pressure: the rising burden of healthcare costs means politicians, patients and payers want more value from innovation, affordable drugs and new access models.

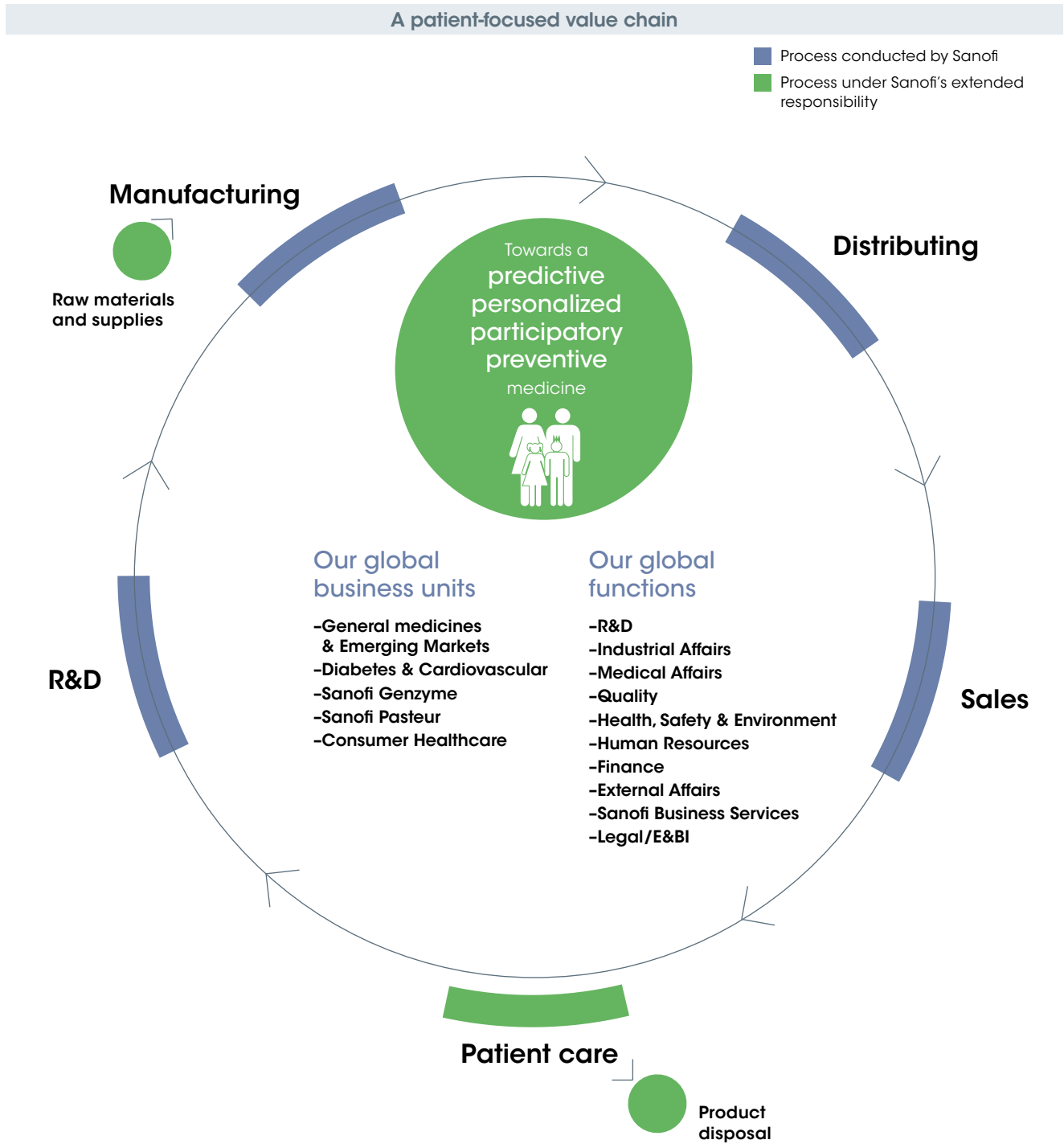
In parallel, competition is ever stronger, with new competitors entering from other sectors and the rise of new partnerships. Biosimilars are now part of the competitive landscape in both the US and Europe.

#### 4.2 new medical paradigm

We are moving from a world in which medicine was used to treat symptoms to a world in which healthcare professionals can anticipate and even take action before diseases affect patients. The sequencing of the human genome, biotechnology and the digital revolution offer tremendous prospects for tomorrow's medical landscape: preventive, predictive, personalized and participatory.

# 3.1 Value chain

In step with the ongoing paradigm shift in healthcare, Sanofi puts the patient at the heart of all we do. We aim at defining adapted business models and building collaborations, supporting patients as their health needs change. It is this approach that has helped make us a global healthcare leader.



## 3.2 Strategic roadmap: setting a course for leadership

Our 2020 strategic roadmap is designed to ensure we compete and deliver sustainable value in a market shaped by increased demands and a new medical paradigm. Based on five pillars, this roadmap has been fully operational since 2016. It is the reference for the entire Company, generating action plans for all functions and units.

### 1. Reshape the portfolio

Guiding principles:

- Sustain our leadership in therapeutic areas where we are strong and well positioned;
- Build competitive positions in areas with strong growth potential;
- Explore strategic options in business segments that are not considered core to our strategy.

### 2. Deliver outstanding launches

- Growth notably driven by the launch of new medicines and vaccines
- > 6 major launches between 2015 and 2017

### 3. Sustain innovation in R&D

- Continued strengthening of the R&D portfolio
- Enhancing existing collaborations and strengthening of external innovation capacities
- > We aim to increase our R&D investments up to €6 billion annually by 2020.

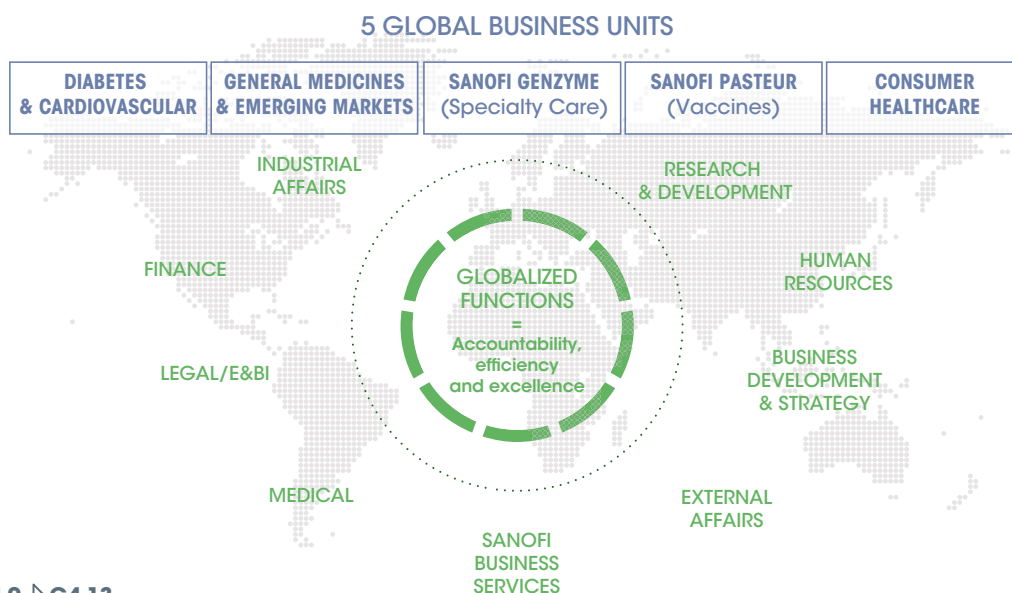
### 4. Simplify the organization

- Implementation of 5 Global Business Units (GBU) supported in their activities by global functions
- Evolution of our industrial sites network
- Expected cost reduction
- > We are committed to deliver at least €1.5 billion cost savings by 2018.

### 5. Engage and develop people

- Maximize organizational effectiveness
- Develop employees' skills for growth
- Develop Sanofi leaders
- Evolve Sanofi culture with a single vision and a common set of core values: Teamwork, Courage, Respect and Integrity.

#### Sanofi's new organization



▷ G4-4 ▷ G4-9 ▷ G4-13

● **Related content on this report:**  
 > 3.3 Five Global Business Units  
 > 3.4 R&D and Industrial Affairs

> 3.5 Finance  
 > 5.1 Strategic roadmap progress  
 > 5.3.3 Engage with Communities

● **More:**  
 > 2016 Form 20-F – Item 4.B Business overview

# 3.3 Five Global Business Units: a new organizational structure aligned with the strategic roadmap

Since 2016, the creation of Sanofi's five GBUs has ensured the Company's business activities are closely aligned with its strategic roadmap:

- General Medicines & Emerging Markets comprises all of Sanofi's products in emerging markets, excluding Vaccines and Consumer Healthcare products. It commercializes all Established Prescription Products (EPP) and Generics worldwide;
- Diabetes & Cardiovascular;
- Sanofi Genzyme (Specialty Care medicines addressing rare diseases, multiple sclerosis (MS), immunology and oncology);
- Sanofi Pasteur for vaccines; and
- Consumer Healthcare (established as a GBU in January 2017).

The specific characteristics and trends of each market inform the way overall strategy is executed by each GBU to create value for the Company as a whole.

## General Medicines & Emerging Markets (GEM) 2016 sales: €14.5 billion i.e. 42.9% of company sales

Activities	
Portfolio	-In <b>Mature Markets (MM)</b> : Established Prescription Products <sup>(1)</sup> and Generics -In <b>Emerging Markets (EM)</b> : full Sanofi portfolio: EPP and Generics, Products for Diabetes, Cardiovascular diseases, Specialty Care medicines - <b>Health management solutions</b> in line with increasing focus on the "beyond-the-pill" approach
Market ranking	-In <b>EM</b> : #1 in Rare Diseases, #2 in Diabetes with a 27% market share, #3 in EPP - <b>Worldwide</b> : #4 in EPP and #1 in the EU5 (France, Germany, Italy, Spain and the UK) and JPAC (Japan and Pacific) regions
Strengths	- <b>Strong historical leadership and footprint</b> (commercial and industrial) in Emerging Markets - <b>Strong brand loyalty</b> , especially in Emerging Markets - <b>Extensive pipeline</b> across therapeutic areas
Market analysis	
Market characteristics	- <b>MM</b> : limited growth perspectives, stable markets - <b>EM</b> : higher growth perspectives, high volatility
Market-specific trends	- <b>Localization</b> : governments in EM conditioning market access on technology transfer and local production - <b>Biosimilars/Generics and price are intensifying pressure</b> on EPP and Diabetes
Implementation of the strategic roadmap	
1 Reshape the portfolio	-In <b>EM</b> : strengthen leadership in • EPP and Generics, Diabetes through Toujeo® and other launches • Specialty Care through enhanced access and portfolio expansion -In <b>MM</b> : maximize value through optimum resource allocation and increasing multichannel customer engagement; planned divestment of Generics in Europe
2 Deliver outstanding launches	-In <b>EM</b> : selectively deliver Specialty Care, Diabetes & Cardiovascular launches, build strong market access capabilities and collaborate with healthcare systems -In <b>MM</b> , improve portfolio with selected product development and product range enhancement
3 Sustain innovation in R&D	- <b>Worldwide</b> : simultaneous global development -In <b>EM</b> : conduct <b>clinical trials</b> for potential introduction of innovations and enhanced patient access
4 Simplify the organization	-New structure with <b>3 stronger centralized franchises</b> focusing on target countries: • Diabetes & Cardiovascular EM • Sanofi Genzyme EM • Global EPP and Generics

(1) Established Prescription Products comprise mature products including Plavix®, Lovenox®, Aprovel®, Renagel® and Renvela®.

Diabetes & Cardiovascular 2016 sales: €6.4 billion i.e. 18.9% of company sales	Sanofi Genzyme 2016 sales: €5.0 billion i.e. 14.8% of company sales
<ul style="list-style-type: none"> <li>-<b>Lantus®</b>, a leading brand in insulin</li> <li>-<b>Soliqua®/Suliqua®</b>, a new fixed-ratio combination basal insulin and GLP-1 product for type 2 diabetes patients uncontrolled on basal insulin</li> <li>-<b>Praluent®</b>, an innovative PCSK9 inhibitor for adults with heterozygous familial hypercholesterolemia or atherosclerotic heart problems, who need additional lowering of LDL cholesterol</li> <li>-<b>Multaq®</b>, an antiarrhythmic drug in atrial fibrillation</li> </ul>	<ul style="list-style-type: none"> <li>-<b>20 treatments</b> approved in several countries, focused on Specialty Care medicines: <b>rare diseases, multiple sclerosis (MS), oncology and immunology</b></li> </ul>
<ul style="list-style-type: none"> <li>-Sanofi Diabetes ranked <b>#2 worldwide</b> by sales in 2016</li> </ul>	<ul style="list-style-type: none"> <li>-Leading position in <b>rare diseases</b></li> <li>-Rapidly growing <b>MS franchise</b></li> </ul>
<ul style="list-style-type: none"> <li>-<b>Strong heritage</b> and long-term collaborations in Diabetes &amp; Cardiovascular</li> <li>-<b>In-depth insights</b> on changing needs of all stakeholders, including patients, healthcare professionals and payers</li> <li>-Science and technology-based solutions for <b>superior outcomes for all stakeholders</b></li> <li>-<b>Onduo</b>, a joint venture with Verily (former Google Life Sciences) engaged in the development of holistic solutions to improve diabetes management by bringing together technology and medication</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Patient-driven, science-led</b> approach</li> <li>-Proven <b>ability to execute</b> in specialized disease areas</li> <li>-Products that make a <b>significant difference</b> for patients</li> <li>-Ability to create <b>disease awareness</b> and provide support to ensure the right patient gets <b>access to the medicine</b> he or she needs</li> </ul>
<ul style="list-style-type: none"> <li>-<b>Increased spend</b> on diabetes and cardiovascular diseases, #1 global causes of death and disability</li> <li>-Diabetes is <b>#2 fastest-growing market</b> behind Oncology with 8% annual growth from 2016 to 2022</li> </ul>	<ul style="list-style-type: none"> <li>-Specialty treatments for debilitating diseases that are often <b>difficult to diagnose and treat</b></li> <li>-Significant unmet needs and limited treatment options for patients, including in rare diseases and atopic dermatitis</li> <li>-<b>Significant growth opportunities with yet undiagnosed rare diseases</b> and increasing competition in treatment of patients in <b>highly competitive markets</b> for MS and rheumatoid arthritis treatments</li> </ul>
<ul style="list-style-type: none"> <li>-<b>Growing impact</b> of diabetes and cardiovascular disease on healthcare systems, society and economic productivity</li> <li>-<b>Insulin pricing</b>: under increasing scrutiny, in particular in the US</li> <li>-<b>Diabetes management</b>: increasing shift from glucose control via connected devices and associated software</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Ongoing pressure on drug prices</b> globally</li> <li>-<b>Growth</b> in the rheumatoid arthritis market set to be driven by a new class of drugs, including Kevzara®</li> <li>-<b>Developing</b> market for atopic dermatitis treatments being defined by Dupixent®</li> </ul>
<ul style="list-style-type: none"> <li>-Continue to <b>provide a comprehensive portfolio</b> to a diverse patient population</li> <li>-Explore opportunities to <b>expand Cardiovascular portfolio</b></li> <li>-Lead the <b>shift to disease management</b>, empowering patients to improve disease management and outcomes</li> </ul>	<ul style="list-style-type: none"> <li>-Rebuild a competitive position in <b>oncology</b></li> <li>-Build position as new entrant in <b>immunology</b></li> </ul>
<ul style="list-style-type: none"> <li>-Continue to <b>drive growth for Toujeo®</b> (new insulin glargine formulation)</li> <li>-<b>Enhance access to Praluent®</b> for patients requiring this innovative therapy</li> <li>-Execution of our regulatory activities to <b>support the Soliqua®/Suliqua® launch</b></li> </ul>	<ul style="list-style-type: none"> <li>-<b>Launch Dupixent®</b> for atopic dermatitis in the US following FDA approval March 2017. Approval in EU expected late 2017</li> <li>-<b>Launch Kevzara®</b> for rheumatoid arthritis in the US in line with scheduled calendar Q2 2017. Approval in EU expected mid-2017</li> </ul>
<ul style="list-style-type: none"> <li>-Our efforts in innovation focus on <b>effective treatment approaches</b> in diabetes</li> <li>-Sanofi's integrated care model goes <b>beyond the pill</b>, combining medicines, services, devices and data management to help patients to take care of their health</li> </ul>	<ul style="list-style-type: none"> <li>-Support substantial <b>rare disease</b> pipeline, expanded through external research collaborations</li> <li>-Continue focus on innovation in <b>MS</b> and unmet needs in progressive MS</li> <li>-Build pipeline of potential <b>immuno-oncology</b> treatments through internal research and collaborations</li> <li>-Pursue clinical trials in <b>immunology</b>, expand indications for dupilumab</li> </ul>
<ul style="list-style-type: none"> <li>-<b>Two global franchises:</b> <ul style="list-style-type: none"> <li>• Diabetes</li> <li>• Cardiovascular</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>-Launch of Sanofi Genzyme in 2016: consolidation of oncology and immunology with rare diseases and MS in the Specialty Care GBU</li> </ul>

### 3. Business Model and Strategy

	Sanofi Pasteur 2016 sales: €4.6 billion i.e. 13.5% of company sales	Consumer Healthcare (CHC) 2016 sales: €3.3 billion i.e. 9.9% of company sales
<b>Activities</b>		
Portfolio	-Vaccines in <b>five therapeutic areas</b> : pediatric, influenza, adult and adolescent booster, meningitis, travel and endemic	<b>Four main OTC (over the counter) medication categories</b> : -Allergy, cough and cold -Pain care -Digestive health -Nutritionals
Market ranking	- <b>#4 on global vaccines market</b> - <b>Leading positions</b> in influenza, pediatric combination vaccines and meningitis	- <b>Market share</b> : 4.4% in 2016 - <b>Ranked in Top 3 among CHC players</b> : #1 in digestive health, #2 in pain care, #3 in nutritionals and #6 in cough and cold, allergy care (combined Sanofi and Boehringer Ingelheim)
Strengths	- <b>€1 million</b> invested in R&D every day -Collaborations accounting for <b>60% of current pipeline</b>	- <b>Extensive geographical presence</b> - <b>Complementary brands</b> -Proven expertise in <b>switches from prescribed medication to OTC</b>
<b>Market analysis</b>		
Market characteristics	-Concentrated <b>€27 billion market</b> with limited number of players, due to significant entry barriers - <b>Buoyant growth perspectives</b> (estimated minimum 5% per year for the next 5 years), driven by innovation & product differentiation	- <b>Fragmented €109 billion global market</b> with recent consolidation -Consistent mid-single digit market growth, <b>forecast to continue at 4.1%</b> (2016-2021) - <b>Sustainable revenue streams</b> with lasting high-value brand equity with no post-patent sales material dip
Market specific trends	-Non-delivery of essential vaccines to <b>one in five children</b> - <b>Rise in reluctance to vaccinate</b> - <b>High public health value</b> : 3 million lives saved worldwide each year and \$44 saved for every \$1 spent	-Increased consumer health awareness and <b>self-medication trend</b> -Potential of OTC to <b>stem increasing healthcare costs</b> recognized by governments/insurance companies -Safety and efficacy of OTC products supported by retailers and pharmacists - <b>More affordable access</b> to CHC through switch of trusted medications to OTC, with flexible pricing and support from pharmacists
<b>Implementation of the strategic roadmap</b>		
<b>1</b> Reshape the portfolio	-Focus on <b>higher value</b> and <b>innovative products</b> -Reallocate funding to <b>secure and expand franchises</b> , such as influenza and pediatric combination vaccines -Reduce manufacturing and regulatory <b>complexity</b> of portfolio -Establish <b>direct presence in Europe</b> following end of joint venture with MSD	-Successful completion on January 1, 2017 of <b>swap</b> of Sanofi's Animal Health and Boehringer Ingelheim's CHC businesses -Post-integration of the Boehringer Ingelheim business gives us a <b>stronger portfolio in key categories</b> with complementary brands and strengthens our geographical presence
<b>2</b> Deliver outstanding launches	-Launch <b>Dengvaxia®</b> and public health programs -Commercialization of <b>polyvalent vaccines</b> e.g. Hexaxim®, Adacel®, Vaxigrip Tetra®, Fluzone® high-dose in countries outside North America -Increase population coverage of <b>influenza vaccines</b>	
<b>3</b> Sustain innovation in R&D	-Drive development of <b>novel</b> and <b>best-in-class vaccines</b> e.g. <i>Clostridium Difficile</i> , respiratory syncytial virus and Zika being investigated -Deliver late-stage <b>high value life cycle management products</b> e.g. improved influenza and meningitis vaccines -Pursue entry and development of early stage <b>key strategic global vaccines</b>	-Definition of <b>post-swap CHC strategic roadmap now underway</b> to deliver a distinctive growth model designed to ensure delivery of consumer-driven, expert recommended innovation in the four strategic categories of digestive health, pain, nutritionals and allergy, cough & cold
<b>4</b> Simplify the organization	- <b>New work organization</b> implemented at strategic French industrial sites -Development of <b>talent pool</b> and strategic workforce planning	

▷ G4-8 ▷ G4-23

● **Related content on this report:**  
> 5.1 Strategic roadmap progress

## 3.4 R&D and Industrial Affairs: global functions focused on the strategy

At Sanofi, our key global functions are fully aligned with our strategic roadmap. This central focus means firm support for our GBUs as they create value and drives highly effective execution in R&D and Industrial Affairs, at every level, from global teams to countries.

	R&D	Industrial Affairs
<b>Activities</b>		
Areas of expertise	-Sanofi has strong R&D expertise and experience in areas, such as <b>diabetes, cardiovascular, vaccines and rare diseases</b> . We are also building competitive positions and expertise in multiple sclerosis, oncology and immunology	-Manufacturing -Supply chain -Health, safety and environment (HSE) -Quality
Strengths	- <b>Global R&amp;D organization</b> with simplified structure: Research, Development, Specialized Scientific Platforms and Operations, and Global Regulatory each providing expertise and resources to support the project portfolio throughout the R&D value chain - <b>Robust launch pipeline</b> with 13 drug launches between 2012-2017 - <b>Focused development portfolio (46 projects in development)</b> targeting areas where we have the potential to become the leader and where there is great unmet patient need - <b>Partnerships and collaborations</b> accounting for >50% of development portfolio	-Shared <b>industrial excellence</b> culture, enshrined in the <b>Sanofi Manufacturing System</b> , with focus on patient needs, high quality and customer service -Balanced <b>internal production and outsourcing</b> -Key competencies and <b>expertise inside the Company</b> -Healthcare solutions available in <b>170 countries</b> - <b>83 industrial sites in 37 countries</b>
<b>Implementation of the strategic roadmap</b>		
<b>1</b> Reshape the portfolio	Deliver a balanced <b>pipeline focused on GBUs priorities</b> : -Sustain leadership: diabetes, cardiovascular, vaccines and rare diseases; -Build competitive positions: multiple sclerosis, oncology and immunology; -Capture breakthrough opportunities: neurodegenerative diseases and infectious diseases; -Portfolio moved towards biologics (>50% biologics).	-Strengthen bio-injectable capabilities -Pursue <b>investments and innovation</b> to prepare our future and remain at leading edge of technology
<b>2</b> Deliver outstanding launches	-Focus on <b>6 major launches</b> to drive future growth: Toujeo®, Soliqua®/Suliqua®, Praluent®, Dengvaxia®, Dupixent®, Kevzara® -Launch of <b>immunology franchise</b> with Dupixent® (dupilumab) and Kevzara® (sarilumab)	-Ensure successful submissions and launches while maintaining a <b>very high level of quality and competitiveness</b> across our diversified and refocused product portfolio
<b>3</b> Sustain innovation in R&D	After transforming our development activities, we are now <b>focused on the 'R' in R&amp;D</b> with the following goals: -Accelerate the discovery of innovative medicines; -Increase our research productivity and the effectiveness of our execution; -Establish a dynamic early-stage pipeline that is geared toward; optimizing value for patients and built for sustainability.  We plan to achieve this through: - <b>Fostering scientific excellence</b> to achieve breakthrough multi-target or combination therapies to treat diseases; - <b>Reinforcing translational medicine</b> to improve understanding of human biology and disease mechanisms; - <b>Maximizing project probability of success</b> and decreasing cycle times; - <b>Leveraging collaborations</b> , new ways of working and digital technologies; and - <b>Recruiting new leadership talent</b> .	-Deliver Industrial Affairs performance -Pursue our <b>performance journey</b> and <b>strive for manufacturing excellence</b> to build competitive positions in strategic areas -Contribute through our Devices strategy to developing <b>more patient-centric drug delivery systems and design integrated connected care solutions</b>
<b>4</b> Simplify the organization	-Organization focused on seven therapeutic areas <b>aligned with GBUs</b> - <b>Simplified governance</b> with improved cross-functional integration	-Continue to <b>adapt the Industrial Affairs organization</b> in support of our new business models aligning the <b>industrial operations and network</b> and improving competitiveness via new technologies

### ▷ G4-8

- **Related content on this report:**
  - > 5.1 Strategic roadmap progress
  - > 5.3.1 Ethics and Transparency
  - > 5.3.4 Healthy Planet

## 3.5 Finance: serving Sanofi's strategy

Sanofi's Finance function aims to be a trusted world-class team driving value creation for the Company and its stakeholders. Agile and flexible, it ensures that the Company has the financial resources required to implement its strategy and that those resources are properly used. It also provides consistent, useful and reliable information to stakeholders.

Activities	
Areas of expertise	<ul style="list-style-type: none"> <li>-Build relationships with the investors and lenders (shareholders, banks, financial markets...) that <b>provide financing for the Company's activities</b></li> <li>-Prepare and track the budgets to allocate the financial means required <b>to implement Company's strategy</b></li> </ul>
Strengths	<ul style="list-style-type: none"> <li>-<b>Build trust</b> by providing appropriate information to the financial community about our past, present and future performance</li> </ul>
Implementation of the strategic roadmap	
<p><b>1</b> Reshape the portfolio</p>	<ul style="list-style-type: none"> <li>-<b>Anticipate and prepare</b> for major changes and transactions to stay at the leading edge of technology evolution through investments and innovation</li> <li>-Give a <b>clear picture of Sanofi's financial performance</b> following portfolio reorganization</li> </ul>
<p><b>2</b> Deliver outstanding launches</p>	<ul style="list-style-type: none"> <li>-<b>Partner across the value chain</b>, through resource allocation and investment plans review, to enable the delivery of outstanding launches</li> </ul>
<p><b>3</b> Sustain innovation in R&amp;D</p>	<ul style="list-style-type: none"> <li>-Help <b>prioritize and allocate resources</b> to projects with the most significant scientific and medical value</li> </ul>
<p><b>4</b> Simplify the organization</p>	<ul style="list-style-type: none"> <li>-<b>Alignment of financial structure</b> with Sanofi's new organization: from country to GBUs and function-based approach</li> <li>-Harmonization and automatization of <b>financial tools</b> to facilitate decision-making and investment choices</li> </ul>

● **Related content on this report:**  
> 5.2 Finance



# 3.6 CSR strategy: key assets in creating value

CSR is an integral part of Sanofi's core business strategy. By building a pragmatic and innovative approach to meet today's CSR challenges, it contributes to value creation and improving our business.

### Defining our CSR priorities: stakeholders have their say

Sanofi's CSR ambition is based on our new business priorities and in-depth stakeholder dialogue. We have a longstanding experience in the realization of materiality assessments which are based on a robust methodology aligned with sustainability standards, such as GRI4. These evaluations have been performed through a formalized stakeholders' engagement process, starting in 2010, enriched in 2013 with over 100 internal and external stakeholders, and focused on environmental topics in 2015. In 2016, we also relied on the multiple skills of our international stakeholder panel, gathering over 40 external stakeholders from around the world, to bring their insights in the update of our CSR roadmap. Four priority topics

were identified along with other material issues to include on Sanofi's CSR agenda for the coming years: access to healthcare, pricing and innovation, ethics in R&D and investment choices and territorial footprint of the Company. We also set up internal working groups, consisting of GBUs and Global Functions representatives, to enable us to build a shared vision of the Company's CSR priorities. This approach as a whole has shown a consistency of opinion among both internal and external stakeholders and a strong correlation with the most material issues for pharma identified by the CSR rating agencies.

### Materiality at the core of our new CSR strategy







The following table presents our new CSR strategy, capitalizing on the results

of our materiality analyses and dialogue process. It identifies our most material issues in line with the main market trends and highlights the inputs of our 2016 consultation cycle.

This updated CSR strategy confirms our renewed commitment to contributing to the major CSR challenges our world faces, by focusing on four pillars, relying on our Ethics and Transparency, at the core of everything we do:

- Contributing to Access to Healthcare for the Underserved;
- Developing our Communities with the aim of creating a more inclusive and sustainable ecosystem and engaging our employees for future generations;
- Ensuring that environmental considerations are part of our decision-making process.

### 2016 most material topics

Material issues	Link with market trends	Link with our CSR ambition
<b>Access to healthcare</b>		
<ul style="list-style-type: none"> <li>• Medicine pricing and innovation</li> <li>• Capacity building</li> <li>• Intellectual property</li> </ul>	<ul style="list-style-type: none"> <li>• High unmet medical needs</li> <li>• Increased pressure on health companies</li> </ul>	
<b>Business, medical &amp; bioethics</b>		
<ul style="list-style-type: none"> <li>• Bioethics</li> <li>• Investment choices in R&amp;D</li> <li>• Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Exciting prospects for innovation</li> <li>• Empowered patients</li> <li>• Call for transparency and ethics</li> </ul>	
<b>Local economic footprint</b>		
<ul style="list-style-type: none"> <li>• Socio-economic issues</li> <li>• Stakeholder dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness to co-construct and be involved</li> </ul>	
<b>Patient safety</b>		
<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Anti-counterfeit initiatives</li> <li>• Pharmacovigilance</li> </ul>	<ul style="list-style-type: none"> <li>• Increased pressure on health companies</li> <li>• Call for transparency and ethics</li> </ul>	
<b>Talent development</b>		
<ul style="list-style-type: none"> <li>• Talent development</li> </ul>	<ul style="list-style-type: none"> <li>• A new medical paradigm</li> <li>• Digitization and technological rupture</li> </ul>	
<b>Environmental footprint</b>		
<ul style="list-style-type: none"> <li>• Carbon emissions</li> <li>• Waste management</li> <li>• Water management including pharmaceuticals in the environment (PIE)</li> <li>• Awareness on climate change impact on health</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Environmental issues/pollution</li> </ul>	

▷ G4-19 ▷ G4-20 ▷ G4-21 ▷ G4-25 ▷ G4-26 ▷ G4-27



### 3. Business Model and Strategy

#### Our CSR governance

The Sanofi Board considers issues related to the Company's strategy, in line with its concern for the interests of shareholders and other stakeholders, and CSR issues.

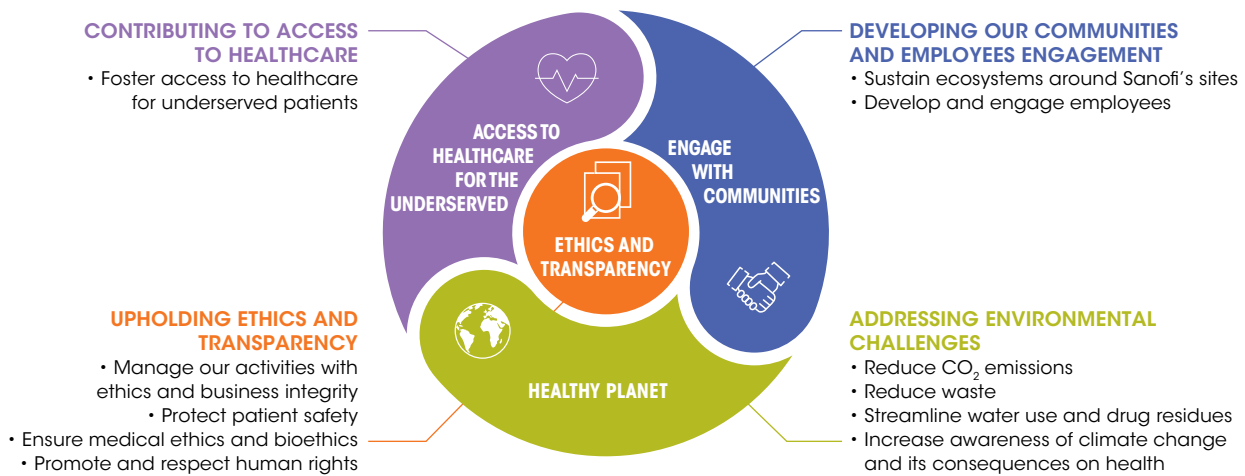
The CSR team coordinates major initiatives and helps ensure the Company meets its objectives.

It also raises awareness of key issues, promotes best practices and keeps stakeholders informed, engaging

with them to develop action plans to address Sanofi's specific challenges and improve our business performance. It also coordinates our CSR recognition by investors, rating agencies or shareholders. To foster creativity in each of our CSR focus areas, we have developed the Sanofi CSR Awards to identify and reward Sanofi teams' best projects. In 2016, we received over 180 submissions from more than 40 countries.

A CSR Cross-functional strategy Committee (CCC) was set up in 2017 to identify projects or topics that need to be discussed at the Executive Committee level. It is co-chaired by the Chief Medical Officer, the Executive Vice-President Human Resources and the Head of External Affairs, each member of the Executive Committee, and its Secretary is the Head of CSR. The Committee represents Sanofi GBUs and the Global Communications, Industrial Affairs and Medical functions.

#### Our CSR ambition



#### Sanofi recognitions

Sanofi is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY). Sanofi shares are included in the main French, European and US indices, in particular: CAC 40, Dow Jones Euro Stoxx 50, MSCI Pan-Euro Index, NYSE International 100, rewarding the Company's financial performance. Sanofi is also included in the main non-financial rating indices, recognizing our CSR performance:

- Dow Jones Sustainability Index (DJSI) World (Bronze Class) and Europe: reference index in sustainable development;
- FTSE4Good (Financial Times Stock Exchange);
- Access to Medicine Index (ATM);
- Stoxx® Global ESG Leaders indices.

In 2016, Sanofi was ranked among the top three CSR performers in the pharma sector by the rating agencies Oekom and MSCI and obtained the following CDP scores:

- CDP Climate change: Score A – Level "Leadership";
- CDP Water: Score B – Level "Management".

In 2016, Sanofi achieved the UN Global Compact Advanced Level for its 2015 CSR Reporting, [www.unglobalcompact.org](http://www.unglobalcompact.org). The information in this report offers an update on our implementation of the ten UNGC principles.



#### ▷ G4-26 ▷ G4-27

##### ● Related content on this report:

- > 4.5 Stakeholder engagement
- > 5.3.1 Ethics and Transparency
- > 5.3.2 Access to Healthcare for the Underserved
- > 5.3.3 Engage with Communities
- > 5.3.4 Healthy Planet

##### ● More:

- > CSR Strategy, Governance and Materiality Factsheet ▷ **G4-18** ▷ **G4-19** ▷ **G4-20** ▷ **G4-21** ▷ **G4-24** ▷ **G4-27** ▷ **G4-56**
- > External CSR Awards Received Factsheet ▷ **G4-DMA** ▷ **G4-SO1**

# A company shaped by robust, ethical governance

At Sanofi, strong, transparent governance is in our DNA. Our Board and Executive team build a strategy that is closely linked with the needs of patients and society in a changing world. Our risk management system is essential to our operations, allowing us to pursue our ambitious strategic roadmap and remain fully compliant at all times. We are committed to engaging with shareholders and other stakeholders, and put people, Ethics and Transparency at the heart of all we do.

## 4.1 An international and diversified shareholder base

Sanofi's shareholders are diverse, well balanced, and international, and include employees, evidence of Sanofi's concern to connect them with its performance.

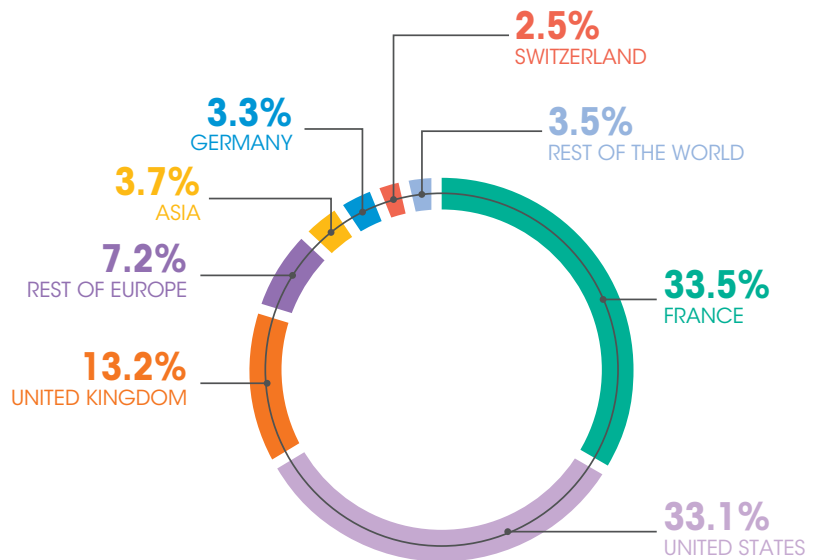
**VALUE CREATED**

○ ⓘ Individual shareholders, including employees, hold **7.3%** of Sanofi shares.

**Sanofi respects high standards of corporate governance**

As a company governed by French law, Sanofi's practices comply with the French Commercial Code and the recommendations of the Corporate Governance Code of the *Association Française des Entreprises Privées*, of the *Mouvement des Entreprises de France* (AFEP-MEDEF Code) and of the AMF (the French Financial Market Authority).

Shares by geographic origin as of December 31, 2016



## 4.2 An active and engaged Board of Directors

The Board's core mission is to set Sanofi's strategic direction. With full separation of the functions of Chairman and CEO, the Company's corporate governance framework supports oversight and accountability and the Board is evaluated annually, including a formal independent evaluation in 2015. It is composed of 14 members, 11 of whom are independent, following the appointment of Melanie Lee and Bernard Charlès at the 2017 Annual General Meeting (AGM, 2017/05/10) and the departure of Bonnie Bassler.

▷ G4-15

● More:

> Shareholding Structure: [http://en.sanofi.com/investors/share/shareholding\\_structure/shareholding\\_structure.aspx](http://en.sanofi.com/investors/share/shareholding_structure/shareholding_structure.aspx)



**A diverse, experienced Board of global thought and business leaders**

**Key topics on the Board agenda in 2016**

- Review of significant proposed alliances, acquisitions and strategic opportunities.
- Presentations by key Sanofi managers on their Business Units: Vaccines and Diabetes in the US, and the Diabetes franchise.

**Key figures**

- 10 meetings – high attendance rate >92%.
- 75% independent members<sup>(1)</sup>.
- 42% women (level reached ahead of the 2017 deadline).
- 6 nationalities.
- Articles of Association modified to allow appointment of 2 employee representatives as directors.

(1) Under French corporate governance standards.

**Key governance improvement over the past three years**

- 2016: improvement of the composition of the Board: more scientific and pharmaceutical expertise, more non-French and women, younger, yet experienced, directors.
- 2017: implementation of the new legal French requirement regarding say on pay.

**Diverse skills and experience to support value creation**

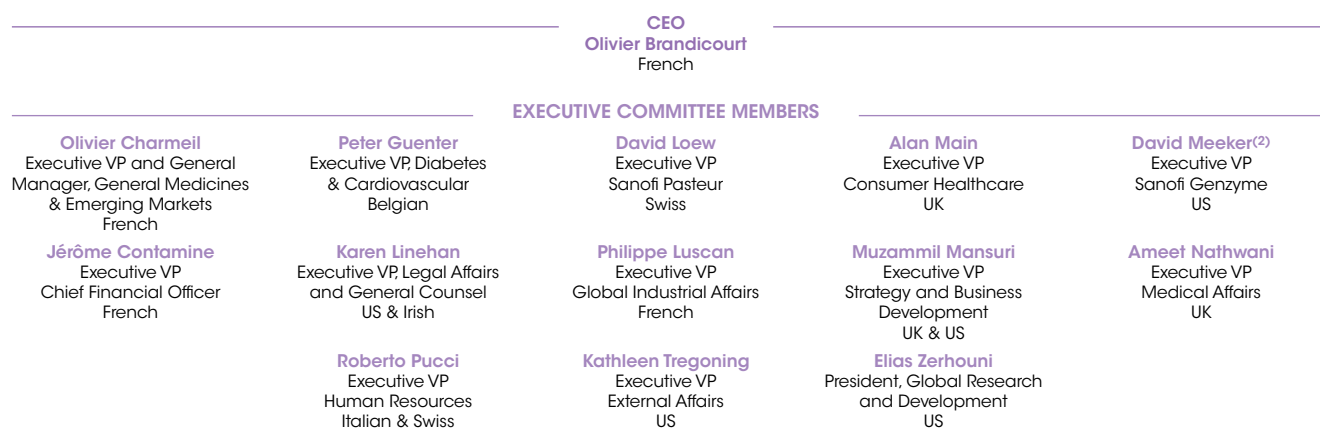
- Recent appointments mean enhanced scientific, pharmaceutical and digital expertise, gender balance and international and cross-generational representation:
- Scientific background: 5 directors
  - Healthcare/pharma experience: 5
  - Public company CEO: 4
  - Public company board: 7
  - Global business: 8
  - Merger & acquisition: 7
  - Finance/Accounting: 4
  - Government/Regulatory: 5

**4 specialized advisory committees support the Board's decision-making**

- Audit Committee
- Compensation Committee
- Appointments and Governance Committee
- Strategy Committee

## 4.3 A closely aligned Board and Executive team

In 2016, Sanofi reorganized its Executive Committee to support its 2020 strategic roadmap and reinforce strategic thinking and leadership. Together, its members bring a unique mix of skills and experience, and their individual expertise, knowledge and international background make it a highly effective body. The Executive Committee assists the CEO in guiding and controlling the business overall. It also ensures communication and coordination between GBUs, Global Functions and the Board.



(2) David Meeker until June 30, 2017 and Bill Sibold from July 1, 2017.

▷ **G4-34**

● **More:**

- > Presentation of the Board of Directors on Sanofi's website: [http://en.sanofi.com/investors/corporate\\_governance/board\\_directors/board\\_directors.aspx](http://en.sanofi.com/investors/corporate_governance/board_directors/board_directors.aspx)
- > Sanofi governance: <http://en.sanofi.com/company/governance/governance.aspx>
- > 2016 Form 20-F – Item 6 Directors, Senior Management and Employees
- > Corporate Governance Factsheet ▷ **G4-34** ▷ **G4-56**

# 4.4 A proactive and structured risk management approach

At Sanofi, we have measured and understood the importance of robust risk management, key to achieving our strategy and effectively driving our business performance and so fulfilling our commitments to patients, employees and other businesses.

## Managing risks across the Company

Sanofi is committed to anticipating and managing the risks and opportunities that may impact its strategy and short, medium and long term objectives. A robust risk management framework supports the alignment and integration of all risk management activities, to ensure:

- accountability and competency in managing risks across the organization;
  - effective, relevant, and timely exchange of information with internal and external stakeholders;
  - that decision-making processes are adapted to risk exposure; and
  - that risk owners and governing bodies are provided with all relevant information to conduct their activities.
- In addition, Sanofi relies on a dedicated organization:
- the Sanofi Risk Committee brings together senior leaders of the Company and assists the Executive Committee in fulfilling its corporate governance by implementing an Enterprise Risk Management

framework. It identifies and assesses risk areas for which detailed mitigation plans must be formally defined and executed. The monitoring status of these plans, handled by risk owners, is regularly reported to Risk Committee members;

- the global risk management team establishes and maintains Sanofi's risk profile, contributes to monitoring the follow-up of mitigation plans with risk owners and risk leaders;
- the risk management network across all Global Business Units and Global Functions is responsible for establishing and enriching risk profiles for their scope and ensuring the synergy of top-down and bottom-up approaches.

Sanofi's risk management approach relies on a comprehensive process that includes risk identification, analysis, evaluation and prioritization. This process ensures assessments are comparable and improves our ability to consolidate risk areas identified.

Sanofi faces the challenges of a fast-changing business environment, increasing volatile economic conditions, new stakeholder expectations, and the rise of new technologies. To enable a holistic view of the drivers shaping the risk landscape, our risk approach also includes the identification of emerging trends, identified via internal and external sources.

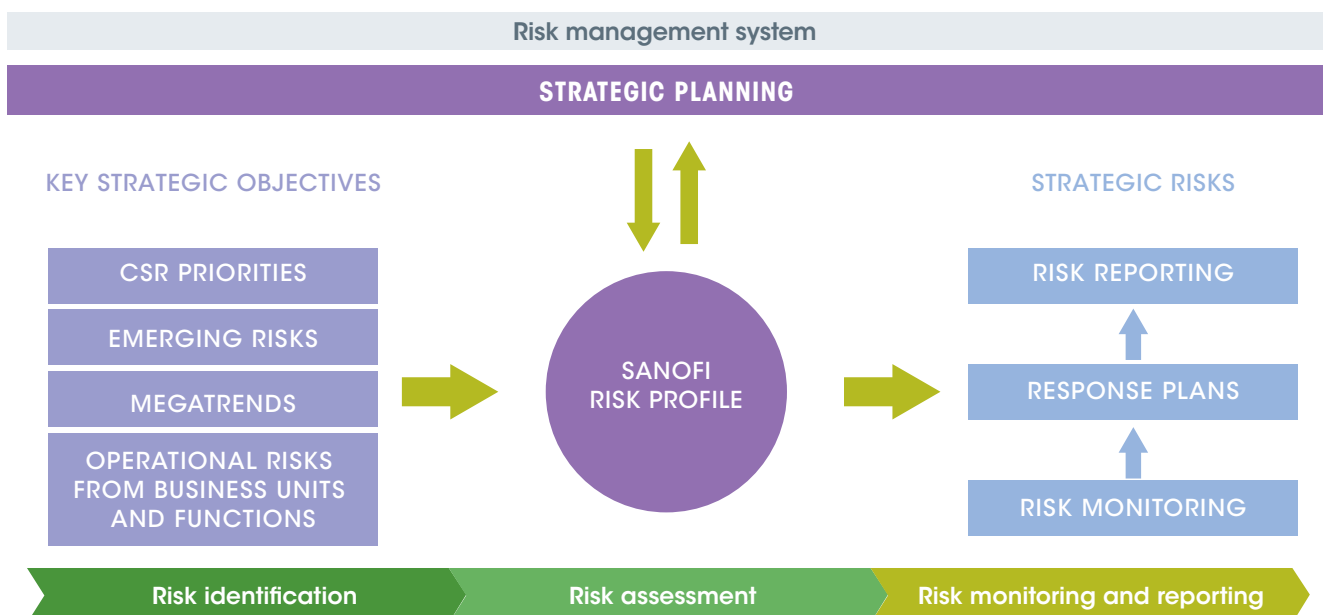
### VALUE CREATED

🕒 Risk management identifies potential threats and opportunities, allowing Sanofi to make appropriate decisions to protect the Company's assets in the long term.

### ▶ G4-14

#### ● More:








- > Presentation of the Company's governance on Sanofi's website: [http://en.sanofi.com/investors/corporate\\_governance/corporate\\_governance.aspx](http://en.sanofi.com/investors/corporate_governance/corporate_governance.aspx)
- > Risk Management Factsheet








🕒 : Trust

Main risks and opportunities

The following table describes the main risk areas Sanofi is facing and the mitigating actions implemented. Linked to the underlying megatrends affecting our business and activities, these risks may impact our strategic pillars and CSR priorities.

	Risk description	Risk mitigation
<b>Launch readiness and execution</b>	To satisfy unmet medical needs, bring innovation to the market, and drive its future growth, Sanofi is engaged in an ambitious new products launch program (6 major launches between 2015 and 2017). To maximize chances of success in a highly competitive environment and prevent potential delays, Sanofi shall ensure the readiness of all teams and sites involved, and closely monitor launch performance.	<ul style="list-style-type: none"> <li>- Streamlined launch process from proof of concept to marketing</li> <li>- Anticipation of market access conditions</li> <li>- Allocation of appropriate company resources</li> <li>- Timely escalation process to address potential delays</li> </ul>
<b>Megatrends</b> Unmet medical needs Innovation Empowered patients	<b>Strategic Pillar</b> Deliver outstanding launches Simplify the organization	<b>CSR Priority</b> Access to Healthcare for the Underserved 
<b>Pricing and market access</b>	Due to rising overall healthcare costs, payers are implementing pricing and market access controls, such as reference pricing, formularies, and generic substitution. In order to anticipate drastic measures, systematic price reductions and exclusions from reimbursement, Sanofi shall optimize its pricing policy and deliver all necessary supporting evidence and ensure affordability for patients in emerging markets.	<ul style="list-style-type: none"> <li>- Pricing policy, pricing models and value explanations for our products</li> <li>- Real-world evidence and health economics data</li> <li>- Pricing models adapted to emerging markets</li> </ul>
<b>Megatrends</b> Income wealth disparity Call for transparency and ethics Increased demands on healthcare companies	<b>Strategic Pillar</b> Deliver outstanding launches Reshape the portfolio	<b>CSR Priority</b> Access to Healthcare for the Underserved  Ethics and Transparency 
<b>Product quality and safety</b>	Patient safety is an absolute priority. Any quality or safety issue may have adverse impact on patient health and Sanofi's reputation and "license to operate". Sanofi is therefore committed to providing safe and effective products worldwide, in full compliance with statutory and regulatory requirements. Sanofi constantly evaluates and monitors the risks potentially associated with the use of its products and their benefit/risk profile over their entire life cycle.	<ul style="list-style-type: none"> <li>- Dedicated global organizations (Quality, Pharmacovigilance and Epidemiology)</li> <li>- Governance body dedicated to benefit/risk assessment</li> <li>- Harmonized quality management system</li> <li>- Same high quality standards applied worldwide</li> <li>- Continuous quality and safety monitoring and periodic internal audits</li> </ul>
<b>Megatrends</b> Call for transparency and ethics Distrust Increased demands on healthcare companies	<b>Strategic Pillar</b> Deliver outstanding launches Reshape the portfolio	<b>CSR Priority</b> Access to Healthcare for the Underserved  Ethics and Transparency 
<b>Supply continuity</b>	To fulfill its mission to deliver health solutions to millions of individuals with high quality and maximum safety, Sanofi is committed to ensuring continuity of supply to the markets it serves from manufacturing processes to final deliveries to patients worldwide.	<ul style="list-style-type: none"> <li>- Integrated end-to-end supply chain organization</li> <li>- Detailed supply chain mapping and risk analysis for life-saving drugs, main pharmaceutical products and launches</li> <li>- Definition of dual sourcing or minimum safety stocks</li> <li>- Worldwide supply chain security program to prevent product losses and diversion (theft, sabotage, counterfeit)</li> </ul>
<b>Megatrends</b> Distrust Unmet medical needs	<b>Strategic Pillar</b> Deliver outstanding launches Reshape the portfolio Simplify the organization	<b>CSR Priority</b> Access to Healthcare for the Underserved  Ethics and Transparency 

	Risk description	Risk mitigation
<b>Acquisitions and integration</b>	To support its strategy for growth and evolution of its portfolio, Sanofi pursues a strategy of selective acquisitions, in-licensing and collaborations and shall identify business development opportunities, execute them at reasonable costs, and integrate them in a timely manner. Sanofi shall maintain capabilities for forthcoming operations.	<ul style="list-style-type: none"> <li>- Organization in place to identify targets and perform appropriate analysis (including valuation)</li> <li>- Due-diligence procedures to detect any potential issue in targets</li> <li>- Structured integration process</li> <li>- Differentiated integration models according to target profile</li> </ul>
<b>Megatrends</b> Unmet medical needs Innovation	<b>Strategic Pillar</b> Reshape the portfolio Sustain Innovation in R&D	<b>CSR Priority</b> Access to Healthcare for the Underserved 
<b>Information and data security</b>	To prevent security breaches such as cyber threats, malicious disclosures of information, or data corruption, Sanofi shall protect its information technology assets and ensure that sensitive information in any form is properly secured.	<ul style="list-style-type: none"> <li>- Robust IT security governance and processes</li> <li>- Vulnerability analysis</li> <li>- Awareness campaigns for end-users</li> <li>- Prevention and detection systems</li> <li>- Specific IT security audits</li> </ul>
<b>Megatrends</b> Digitization and technological breakthroughs Innovation	<b>Strategic Pillar</b> Deliver outstanding launches Reshape the portfolio Sustain Innovation in R&D	<b>CSR Priority</b> Access to Healthcare for the Underserved  Ethics and Transparency 
<b>Human capital and change management</b>	Sanofi faces intense competition for qualified individuals in senior management positions, specific geographic regions or specialized fields (e.g. clinical development, biosciences, medical devices). In this context, difficulty in attracting, integrating, and retaining highly skilled personnel may weaken our succession plans, materially affect the implementation of our strategy and could ultimately impact our business or results of operations.	<ul style="list-style-type: none"> <li>- Development of human capital strategy</li> <li>- Identification of critical resourcing issues, risks and trends in demographics and skills</li> <li>- Appropriate workforce in numbers and skills to meet future goals</li> <li>- Shape of workforce in terms of structure and geographic distribution</li> <li>- Move the organization to a specialized and interconnected model with globalized processes and systems</li> </ul>
<b>Megatrends</b> Growing and aging population Digitization and technological breakthrough Innovation	<b>Strategic Pillar</b> Engage and develop people	<b>CSR Priority</b> Engage with Communities 
<b>Climate change and health (emerging/new risk)</b>	Healthcare challenges continue to emerge as a result of climate change, demographic and societal evolutions. Beyond treatment, Sanofi engages public and private stakeholders, starting with other life sciences companies, to take action to mitigate climate change and anticipate its health consequences.	<ul style="list-style-type: none"> <li>- Internal and external awareness campaigns</li> <li>- Engage stakeholders to put climate change and health on the public agenda</li> <li>- Management of our carbon emissions and water use</li> <li>- Limit the emissions of other elements of the value chain, such as packaging and transport</li> <li>- Development of medicines and vaccines to address health risks increased by climate change (e.g., malaria, dengue, cholera)</li> </ul>
<b>Megatrends</b> Climate change Growing and aging population Income wealth disparity	<b>Strategic Pillar</b> Deliver outstanding launches Reshape the portfolio Sustain Innovation in R&D	<b>CSR Priority</b> Healthy Planet 

# 4.5 Stakeholder engagement

## Develop mutually beneficial relationships

At Sanofi we believe in close relationships with our stakeholders. This engagement reflects our commitment to address clear trends in civil society: calls for greater transparency and ethics, and community involvement. It is also a key pillar in implementing our strategic roadmap, reflecting the close links between stakeholder expectations and business activities.

### A source of business innovation

Stakeholder engagement is a powerful source of shared learning, embracing diverse points that inform our decision-making. By listening, we can understand and answer stakeholders' concerns and expectations. We can then anticipate trends and long-term shifts and identify the risks and opportunities that may impact our business. We can also explore joint innovation aimed at driving new revenue generation, improving existing operations, products and services and building new business models.

### Multiple contacts and shared progress

Sanofi interacts every day and everywhere with its stakeholders – within


an appropriate legal parameter – from patients and healthcare professionals to investors and local communities. The main challenge is to define with each stakeholder the most adapted way to interact: information, consultation, dialogue or collaboration.

### International Stakeholder Panel

After implementing close dialogue with stakeholders in France over a four-year period, in 2016 Sanofi launched the international Stakeholder Panel, a formalized company-wide international stakeholder dialogue procedure. It aims to discuss the key topics impacting Sanofi and work with stakeholders on concrete action. This panel is made up of around forty people representing

the Company's different external stakeholders (NGOs, patients' associations, official bodies, healthcare professionals, researchers, business and finance professionals, trade unions, the media). Working groups focus on four priority subjects: access to healthcare, the price of innovation, Sanofi's approach to R&D and its socio-economic footprint in the geographies where it does business.

#### VALUE CREATED

 An international Stakeholder Panel made of **over 40 representatives** from various organizations external to Sanofi.

### Our stakeholders at the heart of our strategy

<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• Sanofi employees</li> <li>• Trade unions</li> </ul>	<p><b>HEALTHCARE PROFESSIONALS</b></p> <ul style="list-style-type: none"> <li>• Physicians</li> <li>• Pharmacists</li> <li>• Midwives</li> <li>• Nurses</li> <li>• Researchers and public health experts</li> </ul>	<p><b>AUTHORITIES AND PAYERS</b></p> <ul style="list-style-type: none"> <li>• Health authorities</li> <li>• Governments and regulators</li> <li>• Public and private insurance companies</li> <li>• Health Technology Assessments (HTA) bodies</li> </ul>
<p><b>BUSINESS PARTNERS</b></p> <ul style="list-style-type: none"> <li>• Pharmaceutical industry associations (IFPMA, EFPIA, PhRMA, LEEM)</li> <li>• Other pharmaceutical companies</li> <li>• Public and private healthcare centers</li> <li>• Suppliers including Contract Research Organizations (CROs)</li> </ul>	<p><b>PATIENTS</b></p> <ul style="list-style-type: none"> <li>• Patients</li> <li>• Patient associations</li> <li>• Patient communities</li> </ul>	<p><b>INTERNATIONAL AND LOCAL ORGANIZATIONS</b></p> <ul style="list-style-type: none"> <li>• United Nations Organizations (Global Compact, WHO, UNICEF)</li> <li>• NGOs (DNDi, Bill &amp; Melinda Gates Foundation, etc.)</li> </ul>
<p><b>INVESTORS</b></p> <ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Institutional investors</li> <li>• Socially responsible investors</li> <li>• Rating agencies</li> </ul>	<p><b>LOCAL COMMUNITIES</b></p> <ul style="list-style-type: none"> <li>• Neighbors</li> <li>• Economic players including small and medium enterprises</li> <li>• Schools/Universities</li> <li>• Citizens</li> <li>• Consumers</li> </ul>	<p><b>MEDIA</b></p> <ul style="list-style-type: none"> <li>• Journalists</li> <li>• CSR experts</li> <li>• Social media</li> </ul>

▷ G4-16 ▷ G4-24 ▷ G4-25 ▷ G4-26

● More:

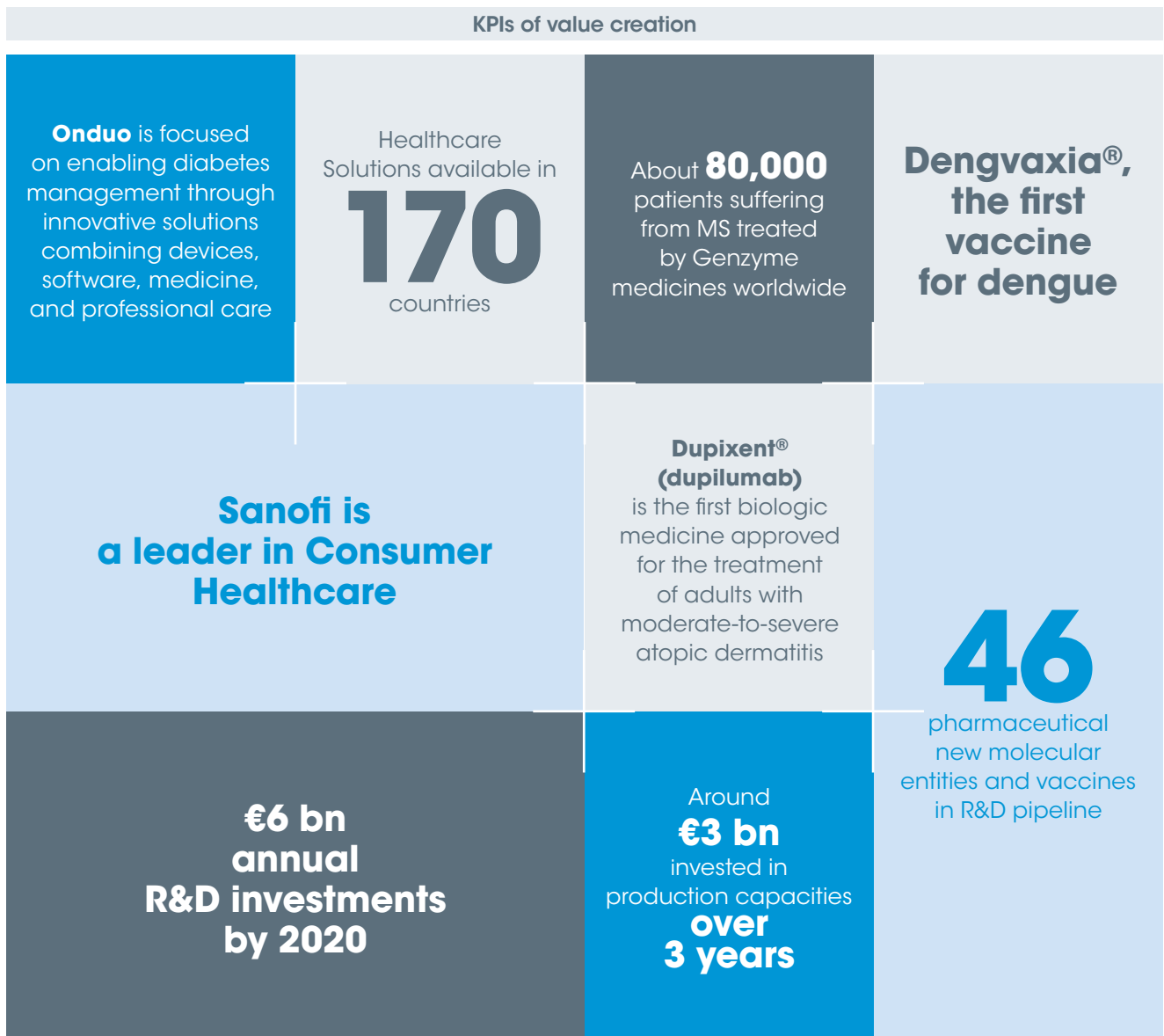
> Stakeholder Engagement Factsheet:  
 ▷ G4-16 ▷ G4-19 ▷ G4-24 ▷ G4-25 ▷ G4-26 ▷ G4-27  
 > CSR Strategy, Governance and Materiality Factsheet:  
 ▷ G4-18 ▷ G4-19 ▷ G4-20 ▷ G4-21 ▷ G4-24 ▷ G4-27 ▷ G4-56



# 5.1 Strategic roadmap progress

## Strong performance in line with our strategy

2016 was a dynamic year for Sanofi as we progressed on our 2020 strategic roadmap. We successfully closed the Boehringer Ingelheim asset swap, lifting us into a leadership position in Consumer Healthcare. Our streamlined organization started to deliver, supporting a stronger financial performance than initially anticipated. At the same time, we completed filing of our breakthrough innovation Dupixent® for its first indication, atopic dermatitis, in the US and Europe. Separately, we recently advanced five new molecules into registration studies.





## Reshape the portfolio

### Sustain leadership

In 2016 our **Diabetes & Cardiovascular** GBU took a substantial step forward in leading the market shift to managing diabetes outcomes by establishing Onduo, our diabetes solutions joint venture with world-class partner Verily (formerly Google Life Sciences). Onduo takes a multi-stakeholder approach to diabetes management by involving the diabetes community, clinicians, payers and healthcare professionals in the product development process. Onduo will initially focus on type 2 diabetes, specifically on the objective of developing solutions ranging from enhanced medication management to improved patient behaviors. Over time, we plan to include the type 1 diabetes community, and people at risk of developing diabetes, with the goal of improving prevention of the onset of the disease.


#### VALUE CREATED

 **Over 400 million adults** worldwide suffer from diabetes causing 1 death every 6 seconds.

 **Onduo's objective** is to enable simple and intelligent disease management through solutions combining devices, software, medicine, and professional care.


In **Vaccines**, 2016 marked the end of the joint venture between Sanofi Pasteur and Merck Sharp & Dohme. The two companies are now pursuing their own distinct growth strategies and have integrated their respective European vaccines business into their own operations.

#### VALUE CREATED

 Additional annual net sales derived from this transaction are estimated at **€280 million**, based on 2016 figures.

In 2016, Sanofi Genzyme continued to strengthen our position in the field of **rare diseases**, in particular for lysosomal storage disorders, such as Pompe disease, Fabry disease, Gaucher's disease and a form of type 1 mucopolysaccharidosis (MPS 1). In addition, we took further steps to support faster diagnosis of rare diseases, including encouraging the use of proven screening protocols by hematologists; collaborating to use next-generation sequencing to diagnose patients with a range of muscular diseases, including Pompe disease; and encouraging testing for patients' family members and patients in certain high-risk populations.


#### VALUE CREATED

 Around **14,000 people** worldwide receive Sanofi Genzyme treatments for lysosomal storage disorders.

### Build competitive positions

The **Consumer Healthcare** year was marked by the successful completion, on January 1, 2017, of Sanofi and Boehringer Ingelheim's transaction to swap Sanofi's Animal Health and Boehringer Ingelheim's CHC businesses. Sanofi acquired Boehringer Ingelheim's CHC business in all countries except China and enhanced our position in our strategic categories – Vitamins, Minerals and Supplements, Cough & Cold Care, Digestive Health, and Pain Care.


#### VALUE CREATED

 Sanofi is **one of the top three** Consumer Healthcare global players.

Our Sanofi Genzyme **Multiple Sclerosis (MS)** franchise continued to deliver strong growth in 2016 through:

- Aubagio®, approved in more than 70 countries, is the fastest growing oral therapy for relapsing MS and the most switched to treatment in the US.
- Lemtrada® approved in more than 60 countries as an MS relapse treatment and has an established benefit-risk profile.

#### VALUE CREATED

 **2.5 million people** worldwide suffer from MS, the most common cause of disability in young adults:

- Aubagio® used by 67,000 patients worldwide in 2016,
- Lemtrada® used by 12,000 patients worldwide.

### Explore strategic options

We divested our **Animal Health** business through the swap with Boehringer Ingelheim, refocusing Sanofi on human health.

We carefully reviewed all options for our **European Generics** business. In October 2016, we announced the start of a carve-out process to divest this business and we will be looking for a potential buyer to leverage the mid- and long-term sustainable growth opportunities. Extensive preparations are required to ensure the right conditions for this divestment, expected to be completed by the end of 2018. However, we have confirmed our commitment to our Generics business in emerging markets.

## Deliver outstanding

### launches

Between 2015 and 2017, our R&D pipeline will deliver six major launches (Toujeo®, Soliqua®/Suliqua®, Praluent®, Dengvaxia®, Dupixent®, Kevzara®), cutting-edge medical innovations with the potential to drive future growth.

In 2016, in **Diabetes**, we continued the global launch and ramp-up of Toujeo® and **Soliqua®/Suliqua®** 100/33 was approved in the US in 2016 and launched in January 2017. It was approved in the EU as Suliqua® in January 2017. In **Cardiovascular**, we also launched Praluent® for hypercholesterolemia. In a challenging payer environment, we continue to work on securing patient access to this important medication developed jointly with Regeneron.

#### VALUE CREATED

**ATH Cardiovascular and Diabetes the 3<sup>rd</sup> and 4<sup>th</sup> largest** therapeutic areas with global sales of \$63 billion and \$42 billion respectively:

- Toujeo® the next-generation basal insulin enabling improved glycemic control with limited to neutral weight effect;
- Soliqua®/Suliqua® is an innovative combination therapy for type 2 diabetes patients; and
- Praluent®, an innovative PCSK9 inhibitor for adults with heterozygous familial hypercholesterolemia or atherosclerotic heart problems, who need additional lowering of LDL cholesterol.

In 2016, our **Vaccines** GBU launched Dengvaxia®, the first vaccine for dengue fever, 13 vaccines were registered and 9 were launched, including Hexacim® a pediatric combination immunizing against 6 diseases. Hexavalent vaccines help bringing a higher standard of care to all patients. It reduces the number of injections and vaccination administration time and fits all ranges of immunization schedules while matching the highest standards of quality.

### Launches

#### 6 MAJOR LAUNCHES BETWEEN 2015 AND 2017



#### VALUE CREATED

- **ATH Dengvaxia®, the first vaccine for dengue:** 390 million annual cases in 128 countries.
- **ATH** In 2016, we provided 1+ billion doses of vaccines, for the **immunization of 500+ million people** worldwide against 20 serious diseases thanks to Sanofi Pasteur.
- **ATH** 250,000 – 500,000 deaths from influenza each year. Sanofi Pasteur produces **~40% of total influenza vaccine** sold.

In **Immunology**, we have developed the cornerstones of a major new franchise within Sanofi Genzyme through sarilumab (Kevzara®) for rheumatoid arthritis and dupilumab (Dupixent®) in atopic dermatitis, both drugs developed in collaboration with Regeneron. Kevzara® achieved its first approval in Canada in early 2017 and Dupixent®, set to be the first in class biologic to reach the market. It was approved for the treatment of adults with moderate-to-severe atopic dermatitis in the US in March 2017, following FDA priority review and is expected to be available Q2 2017. In December 2016, the European Medicines Agency accepted the Dupixent® Marketing Authorization Application for moderate-to-severe atopic dermatitis for review and a decision on the approval is expected in late 2017. Dupixent® is Sanofi's fastest ever development of a medicine (seven years and five months from first-in-human studies to approval). It is a "pipeline in a product" with clinical studies underway for multiple

indications, including asthma, pediatric atopic dermatitis, nasal polyposis, eosinophilic esophagitis, and food allergies.

#### VALUE CREATED

- **ATH** Atopic dermatitis (AD), the most common form of eczema, is a chronic inflammatory disease with symptoms including a skin rash with intense, persistent itching and dryness, cracking, redness, crusting, and oozing: Dupixent® (dupilumab) is **the first and only biologic medicine** approved for the treatment of adults with moderate-to-severe atopic dermatitis.

## Sustain innovation in R&D

In 2016, we aligned our R&D organization with the new GBU structure, reorganized Research into thematic clusters, continued to build capabilities in translational sciences, and recruited important new talents. We are also sustaining innovation in R&D through a number of key collaborations, such as with Regeneron, Innate Pharma and WarpDriveBio for Oncology and Immunology, Verily for Diabetes, Alnylam for Genetic Diseases and Science37 for use of digital technology in clinical trials. Supporting these collaborations is an important part of our R&D strategy.

The **Sanofi R&D pipeline** contains 46 pharmaceutical new molecular entities (NMEs) and vaccine candidates in clinical development:

- 13 NMEs and vaccine candidates are in Phase III or submitted to the regulatory authorities;
- 5 NMEs started registration studies in 2016: isatuximab in multiple myeloma, SAR439684 (anti-PD-1) in skin cancer, sotagliflozin in type 2 diabetes, olipudase alfa in acid sphingomyelinase deficiency (Niemann-Pick Disease type B) and GZ402666 (NeoGAA) in Pompe disease;
- 3 novel vaccines: meningitis combination, Fluzone® QIV HD and *Clostridium difficile*.

Dupixent®, a monoclonal antibody with a dual action against both the IL4 receptor and the IL13 receptor, is an example of Sanofi's strategy to achieve breakthrough innovative therapies that target multiple pathways with one treatment. Isatuximab, an anti-CD38 monoclonal antibody, currently in Phase III trials for multiple myeloma and

sotagliflozin, a dual SGLT1 and SGLT2 inhibitor, in Phase III trials for diabetes are also late stage pipeline assets to watch that are based on innovative multi-targeting approaches.

### VALUE CREATED

- ATH **New product launches** across multiple therapeutic areas providing innovative therapies focused on patients' unmet medical needs.
- ATH ***Clostridium difficile* vaccine** would be the first to prevent severe nosocomial disease.
- ATH Leveraging **external collaborations** in promising areas: monoclonal antibodies, RNAi therapeutics, immuno-oncology, rare genetic diseases and antibiotics.
- ATH Transformation to biologics, **new multi-targeting** approaches and **innovative technology** platforms.

R&D pipeline summary table (as of April 2017)

	Phase I	Phase II	Phase III	Registration	TOTAL
Oncology	2	2	1	0	5
Diabetes	2	2	1	1	6
Cardiovascular diseases	3	2	0	0	5
Immuno-inflammation	2	2	0	2	6
Infectious diseases	0	1	0	0	1
Rare diseases	0	3	2	0	5
Multiple sclerosis, neurology, ophthalmology	3	1	0	0	4
Vaccines	3	5	3	3	14
<b>TOTAL</b>	<b>15</b>	<b>18</b>	<b>7</b>	<b>6</b>	<b>46</b>

33

13

NMEs & VACCINES

## Simplify the organization

Our final strategic priority is to drive focus and simplification within our organization. In 2016, we implemented a new organizational structure to be more closely aligned with our strategy and more effective in our execution:

- five Global Business Units (GBUs) integrating global franchises and country-level commercial and medical organizations for each of our major businesses;
- centralized Global Functions (Finance, Legal/E&BI, Human Resources, Information Technology and Solutions, etc.);
- an R&D organization by therapy area to align with the GBUs for late stage products;
- a global Industrial Affairs platform aligned with the GBUs;
- a strengthened Medical Affairs function, with our new Chief Medical Officer, Dr. Ameet Nathwani, now a member of the Executive Committee.

To support this new structure, we have embarked on a program to improve the excellence of our delivery by implementing a global information systems solution and by standardizing and consolidating our processes.

We have also continued to reshape our operating model and our industrial plant network as part of our program of simplification. The network now better matches our evolving business by implementing a more focused approach in emerging markets, improving competitiveness and capacity utilization, sharing of lean manufacturing practices, lowering our environmental footprint and simplifying product lines. We also continue to invest in our biologics capacity to support product launches and growth. Since January 2016, the Global Industrial Affairs Function is also responsible for Sanofi Global Supply Chain, Quality and HSE.


## Supporting business through efficient services

Sanofi Business Services (SBS) is a new Global Function created in 2016 gathering 4,200+ associates worldwide representing 80+ areas of expertise. SBS delivers best-in-class services to internal customers and third parties. Its innovative operational and organizational model focuses on customer service, efficiency and value creation to enable Sanofi to deliver its strategic 2020 roadmap. SBS seeks to simplify and harmonize processes, tools and working methods through new technological solutions, with the aim of allowing GBUs and Global Functions to focus on their core business.

It is structured around three centers of expertise: Procurement, Real Estate, Facility and Records Management, and five end-to-end processes: Connect to Resolve, Employees Services, Purchase to Pay, Customer Invoicing to Cash, Account to Report.

2016 saw implementation of the new SBS Organization in North America, Europe and France, while ensuring business continuity. From 2017 onwards, our geographical reach will continue to grow in order to enhance delivery of services to all Sanofi employees and third parties.

### VALUE CREATED

 We have defined **four main priorities** to contribute to the Sanofi 2020 roadmap:

- care in becoming a talent platform for Sanofi with customer excellence expertise;
- connect to enhance excellence in customer service to give time back to Sanofi employees;
- simplify by driving process excellence through standardization, innovation & digitization;
- deliver to create business value with P&L and cash impact that support value creation.

## Engage and develop people

Our human capital strategy goes beyond the ambitions of the HR Function to encompass Sanofi's entire approach to engaging and developing its people. It is based on four pillars:

- maximizing organizational effectiveness;
- developing capabilities for growth;
- developing Sanofi leaders;
- evolving Sanofi culture.

### ● Related content on this report:

- > 3.2 Strategic roadmap
- > 3.3 Five Global Business Units
- > 3.5 Finance
- > 5.3.3 Engage with Communities

## 5.2 Solid financial performance



### Targeted investments sustain growth and maintain financial discipline

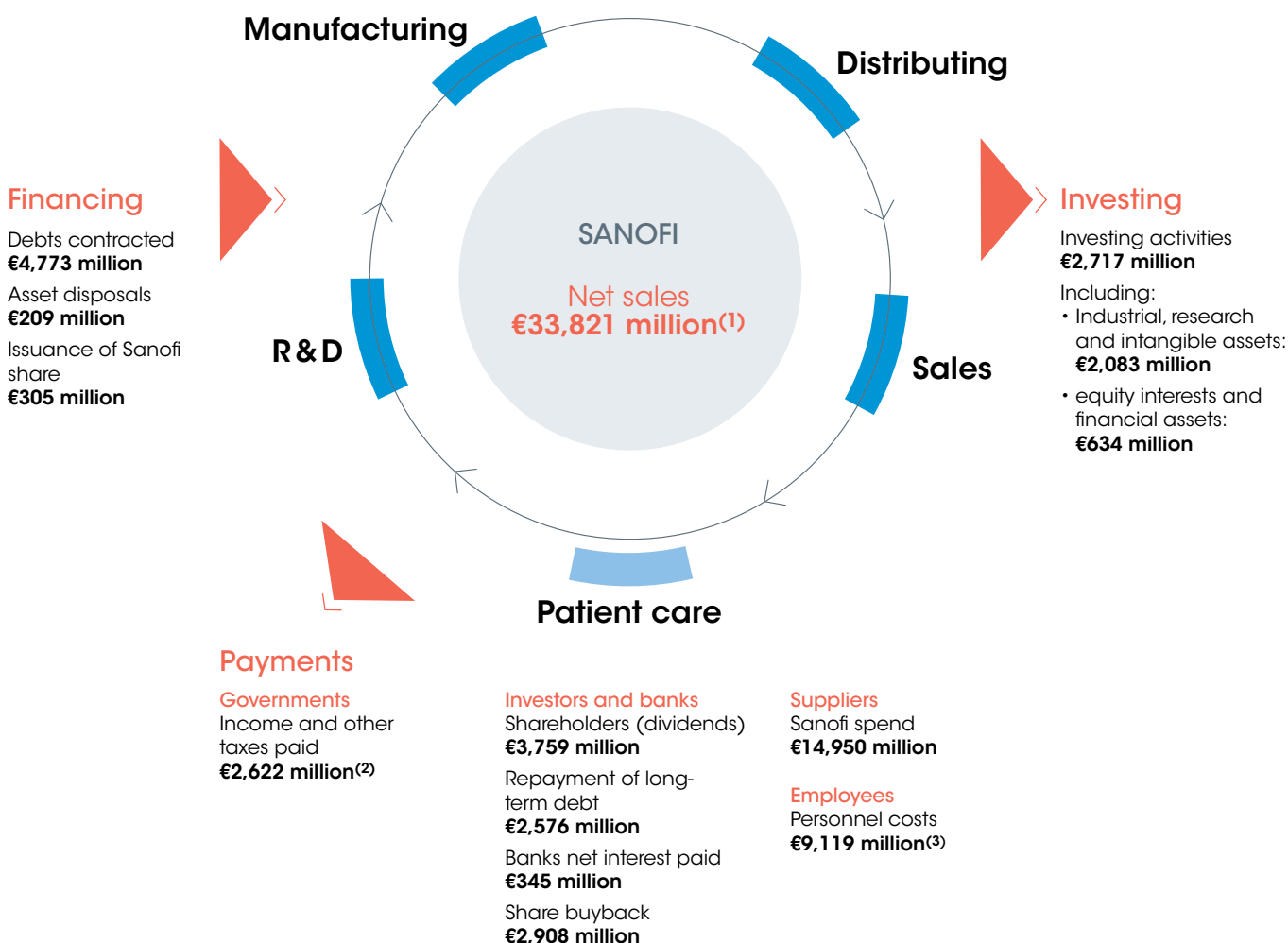
Sanofi results outperformed expectations in 2016, thanks to the diversity of our businesses and our streamlined organization. The year again showed that dynamic franchises, such as Rare Diseases, Multiple Sclerosis, Vaccines and our solid performance in Emerging Markets could offset the slowdown of our Diabetes business in the United States. The strength of our financial performance drives our strategy of value creation for the Company and for our shareholders; it also benefits other stakeholders.

#### Sanofi value distribution

Sanofi's financial performance enables our continued contribution to local and global economic development. The distribution of the value generated by

our activities across the value chain benefits our many stakeholders, from public authorities, employees, partners, to supplier and shareholders.

-  Process conducted by Sanofi
-  Process under Sanofi's extended responsibility



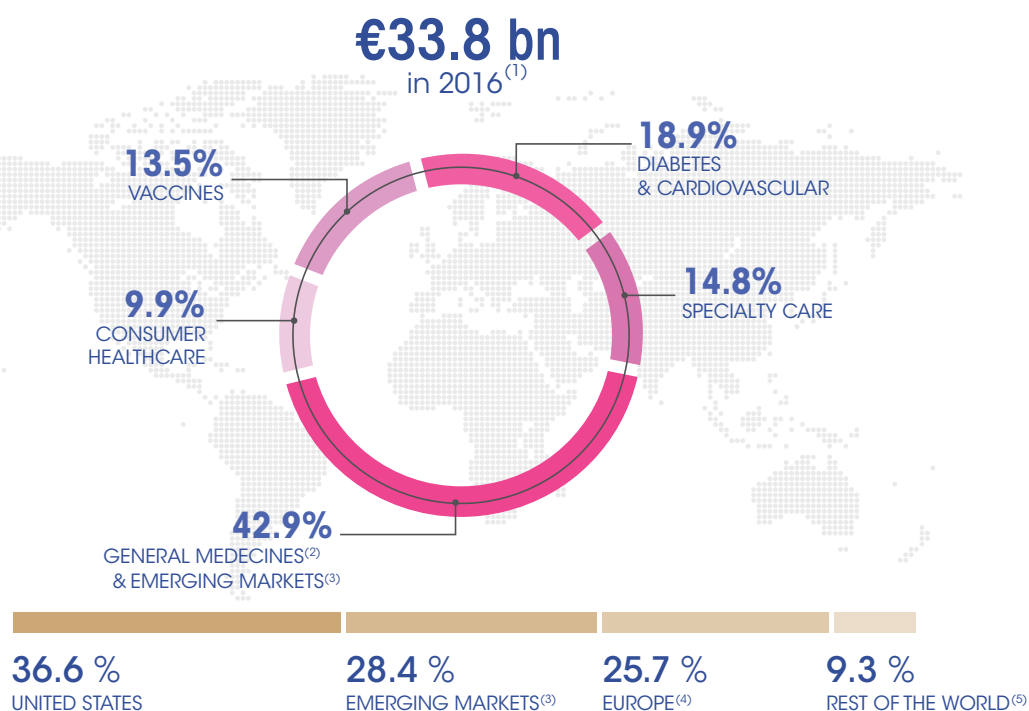
Source: Annual Report on Form 20-F 2016.

(1) In addition to income tax, Sanofi pays numerous levies and contributions, the most significant being pharmaceutical contributions to healthcare systems globally (mainly deducted from gross sales), which amounted to more than €5,432 million in 2016.

(2) Based on business operating income, income tax expense amounted to €2,054 million. The effective tax rate based on our business net income was 23.3% in 2016. Other levies and taxes amounted to more than €560 million.

(3) Including social security contributions of € 1,948 million.

## Sales by GBUs and Regions



(1) Excluding Animal Health, source: Form 20-F 2016.

(2) Including Established Rx products & Generics.

(3) Emerging Markets: world excluding US, Japan, South Korea, Canada, Australia, New Zealand, Puerto Rico and Europe.

(4) Europe: Western Europe and Eastern Europe excluding Eurasia (Russia, Ukraine, Georgia, Belarus, Armenia and Turkey).

(5) Rest of the World: Japan, South Korea, Canada, Australia, New Zealand and Puerto Rico.

## Delivering our key financial objectives<sup>(1)</sup>

(€ million)	2016	2015	Change	Progress against objectives
Net sales	33,821	34,060	-0.7% +1.2% at CER	On track
Other revenues	887	801		
Cost of sales	(10,702)	(10,919)		
Gross profit	24,006	23,942	+ 0.3%	Above expectations
As % of net sales	71.0%	70.3%		
Research and Development expenses	(5,172)	(5,082)	+1.8%	Operating Expenses growth rate at CER: above expectations
As % of net sales	15.3%	14.9%		
Selling and General expenses	(9,486)	(9,382)	+1.1%	
As % of net sales	28.0%	27.5%		
Net income attributable to equity holders of Sanofi	4,709	4,287	+9.8%	
Basic earnings per share (in euros)	3.66	3.28	11.6%	
Business net income	7,308	7,371	-0.9% +2.5% at CER	
Business earnings per share (in euros)	5.68	5.64	+0.7% +4.1% at CER	Above expectations

(1) Source: Annual Report on Form 20-F 2016/ Document de référence, for comprehensive information please refer to these documents.

**Company net sales:** €33,821 million, 0.7% lower than in 2015, but 1.2% higher at constant exchange rates (CER) driven mainly by the Sanofi Genzyme and Sanofi Pasteur Global Business Units.

**Gross profit:** €24,006 million in 2016 (71.0% of net sales), versus €23,942 million in 2015 (70.3% of net sales). The gross margin ratio for the Pharmaceuticals segment was at 72.4%, mainly due to improved productivity in our industrial facilities.

**Net income attributable to equity holders:** €4,709 million, up 9.8% on 2015, while basic earnings per share were 11.6% higher year-on-year at €3.66.

**Business net income:** €7,308 million, 0.9% lower (+2.5% CER) than in 2015, while business earnings per share were up 0.7% (+4.1% CER) at €5.68.

Financial

### Creating a more agile Sanofi through a strategic cost savings program

In 2016, Sanofi delivered approximately €650 million of cost savings which was largely reinvested to support growth initiatives. Sanofi expects that cost savings will reach €1.3 billion in 2017 and it remains on track to deliver at least €1.5 billion in cost savings by 2018.

These savings are primarily coming from:

- simplification of the organization;
- manufacturing operational; improvement and productivity efforts;
- Product portfolio streamlining in Established Prescription Products;
- and alignment of sales force in line with market dynamics.

#### VALUE CREATED

- F 2016 **Company net sales:** €33,821 million.
- F **Gross profit:** 71.0% of 2016 net sales.
- F **Earnings per share:** 11.6% higher than 2015.

### Connecting each employee with Sanofi's success and performance

Sanofi intends to associate its employees with the future development and results of the Company by increasing employee share ownership. On July 22, 2016, a total of **1.8 million shares** (approximately 0.14% of the share capital) were issued as part of Action 2016: 24,218 employees signed up for the plan, at a price of €57.25 per share. Every employee subscribing for at least five shares received one additional share and when subscribing for at least ten shares received two additional shares as an employer's contribution. A similar operation is planned to take place in the second quarter of 2017.

#### VALUE CREATED

- S **24,128 employees worldwide** signed up at preferred conditions for the Action 2016 share ownership.
- S **1.4%** of Sanofi share capital **held by employees** as of December 31, 2016.

### Implementing a responsible tax policy

As a multinational corporation, Sanofi has a responsibility to pay an appropriate amount of tax and comply with the laws and rules in force in all the 83 countries where we do business. In 2016 the Company's income tax charge on business operating income was €2.0 billion worldwide.

The intellectual property of many of our leading products originates from Western Europe and our headquarters are located in France. More than 30 production plants, including the majority of our primary plants, and over half our Research and Development sites are also located in Western Europe. Therefore Sanofi pays a significant proportion of income tax in this region (65%).

#### VALUE CREATED

- EC Sanofi's income tax charge on business operating income was **€2.0 billion** worldwide in 2016.



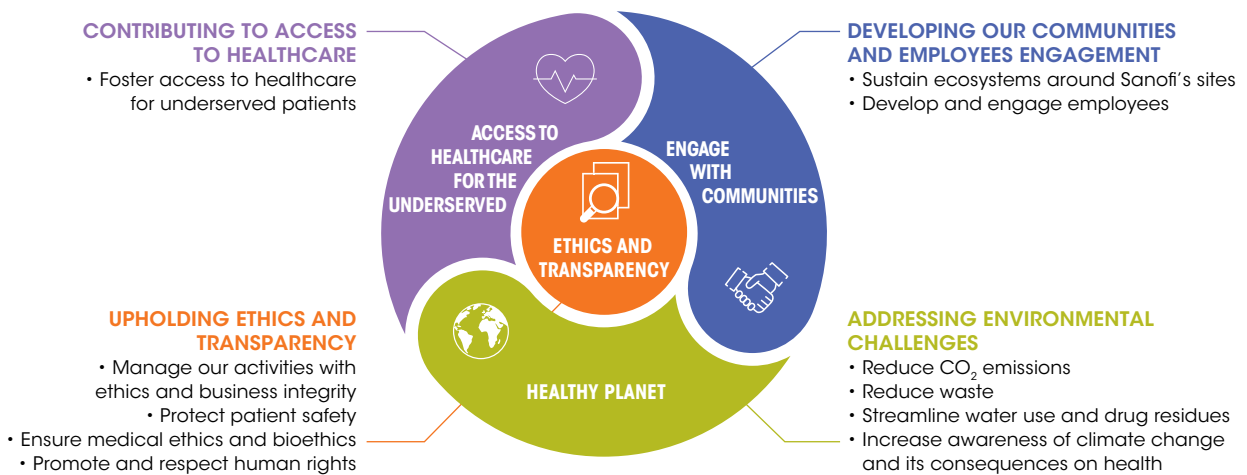
# 5.3 CSR performance

## Creating sustainable value for our company and our stakeholders

CSR is a key asset of our strategy and has always played a fundamental role within our business and our ability to deliver our strategic objectives. Our CSR agenda focuses on the four key areas which have the greatest significance to our activities and our stakeholders: Ethics and Transparency, Access to Healthcare for the Underserved, Engage with Communities, and Healthy Planet.

We are committed to improving every year the way we conduct our operations while contributing to addressing global challenges and creating sustainable shared value. We assess our CSR performance across a wide range of measures and key indicators of value creation (KPIs). In 2016, we made significant progress in delivering sustainable performance while rolling out our new CSR organization.

### Contributing to value creation through our four pillars



### 5.3.1 Ethics and Transparency

Ethics and Transparency are at the heart of Sanofi’s social responsibility strategy: they define our way of working every day and form the basis of our relationships with each of our stakeholders. Respect for human rights in our business operations is part of our Ethics and Transparency approach. We are convinced that the principles of human rights apply to people, to nations and, by extension, to businesses. In that context, we have assessed the risks related to human rights. To sustain our commitment to Ethics and Transparency, Sanofi has established and enforced strong rules in accordance with the legal framework in each country where we operate. A rigorous internal control framework is also implemented to prevent non-compliance with internal rules or policies. Drivers of value creation, these mechanisms are essential to preserving the trust of patients, shareholders and communities, safeguarding our image and reputation and protecting Sanofi employees. Ethics and Transparency also include our commitment to preserve the safety of patients through robust Global Pharmacovigilance and Epidemiology (GPE), quality and anti-counterfeiting processes. The way we handle Ethics and Transparency in Business Ethics, Responsible Procurement, Medical & Bioethics, Transparency and Patient Safety is developed in the following sections.



Our actions to promote Ethics and Transparency and develop responsible procurement contribute to the Goals 12 “Responsible consumption and production”, 16 “Peace, justice and strong institutions” and 17 “Partnerships for the goals” of the UN SDGs.

KPIs of value creation			
A Code of Ethics available in <b>29 languages</b> and provided to all employees	<b>473</b> suppliers assessed since 2014 for their compliance with CSR rules	<b>10%</b> decrease in animal use through improvement or development of new techniques in the last two years	At least <b>43 clinical trial registrations</b> and <b>142 clinical trial results</b> published in <b>2016</b>
The Bioethics Committee ensures ethical conduct in clinical development involving patients and healthy subjects	Public disclosure in <b>40 countries</b> of our interactions with healthcare professionals and medical and scientific associations in regard to fair compensation	Close to <b>94,000 employees</b> trained on Quality Fundamentals at the end of 2016	<b>611</b> scientific and medical publications sponsored or authored by Sanofi identified in PubMed, with over 5,600 journals indexed

▷ [G4-14](#) ▷ [G4-15](#) ▷ [G4-56](#)

- **More:**
- > Human Rights Factsheet
- ▷ [G4-15](#) ▷ [G4-DMA](#) ▷ [G4-HR11](#)
- > Children’s Rights Factsheet
- ▷ [G4-15](#) ▷ [G4-DMA](#) ▷ [G4-HR11](#)
- > Human Rights in our Activities Sanofi Guide
- ▷ [G4-15](#) ▷ [G4-DMA](#) ▷ [G4-HR11](#)

# Business ethics

Doing the right thing, the right way, at the right time and for the right reason

## Our approach

A fundamental Sanofi objective is to maintain a culture where the willingness to do the right thing, to comply with applicable laws and Sanofi policies, is fully embedded across the organization. Supported by all departments, the Ethics & Business Integrity (E&BI) Department is a cornerstone of our ethical approach, supporting the achievement of our business objectives while ensuring compliance and promoting business ethical values in daily activities.

## Addressing business ethics challenges in our daily activities

A companywide Ethics & Business Integrity program has been developed and implemented, based on:

- a dedicated organizational structure;
- a Code of Ethics, addressing 13 topics relating to ethical matters and supported by dedicated policies and procedures (e.g. anti-bribery policy, policy on interactions with patients, patient advocates and groups, donations and other contributions);
- education and training;
- a dedicated 24/7 confidential Compliance Helpline to respond to alerts, and;

- internal investigations and dedicated teams that may, if appropriate, recommend corrective action processes and/or disciplinary sanctions.

### VALUE CREATED

- T **3 mandatory trainings** for employees in 2016 – Fighting corruption, Confidentiality and Interaction with healthcare professionals.
- T **Over 190,000** Ethics and Business Integrity training modules followed by Sanofi employees worldwide in 2016.
- T A Code of Ethics available in **29 languages** and provided to all employees.

## Our dedicated internal organization

<p><b>A Global Compliance Officer with a double reporting line, to the General Counsel and to the CEO</b></p>	<ul style="list-style-type: none"> <li>• Providing strategic compliance leadership to the executive management team and the Board of Directors</li> <li>• Overseeing the effective implementation and management of the E&amp;BI program</li> </ul>
<p><b>A network of more than 130 Compliance Officers</b></p>	<ul style="list-style-type: none"> <li>• Responsible for ensuring the core elements of the E&amp;BI program are implemented and working as designed in the assigned countries</li> <li>• Supporting the local business operations on a day-to-day basis</li> </ul>
<p><b>A Compliance champions network based on employee volunteers in each country/ GBU/function</b></p>	<ul style="list-style-type: none"> <li>• Acting as liaisons by relaying and reinforcing compliance-related messages developed by E&amp;BI</li> <li>• Supporting E&amp;BI initiatives</li> <li>• Following-up on mandatory trainings and assisting with real-time monitoring</li> <li>• Serving as the point of contact for employees and facilitating speaking up and promoting E&amp;BI culture</li> </ul>
<p><b>An Executive Compliance Committee chaired by Sanofi's CEO</b></p>	<ul style="list-style-type: none"> <li>• Assessing, recommending and overseeing all initiatives aimed at sustaining and improving the E&amp;BI program, as well as fostering a permanent commitment to Sanofi core values (Teamwork, Courage, Respect and Integrity)</li> </ul>

▷ **G4-14** ▷ **G4-15** ▷ **G4-56** ▷ **G4-DMA** ▷ **G4-S04**

### ● More:

- > Code of Ethics ▷ **G4-15** ▷ **G4-56**
- > Ethics and Business Integrity Factsheet ▷ **G4-DMA** ▷ **G4-S04** ▷ **G4-S07**
- > Anti-Bribery Policy ▷ **G4-56** ▷ **G4-S04**
- > Fighting Corruption Factsheet ▷ **G4-DMA** ▷ **G4-S04** ▷ **G4-56**
- > Prevention of Conflicts of Interest Factsheet ▷ **G4-56**
- > Protection of Personal Data Factsheet

- > Binding Corporate Rules and List of Sanofi Affiliates having signed the BCR
- > Responsible Lobbying Factsheet ▷ **G4-16** ▷ **G4-24** ▷ **G4-DMA** ▷ **G4-S06**
- > Sanofi Internal Audit Factsheet
- > Sanofi Internal Control & Processes Factsheet ▷ **G4-56**
- > Anti-Competitive Behavior Factsheet ▷ **G4-DMA** ▷ **G4-S07**

# Responsible procurement

Sustainable sourcing: creating value throughout Sanofi's supply chain

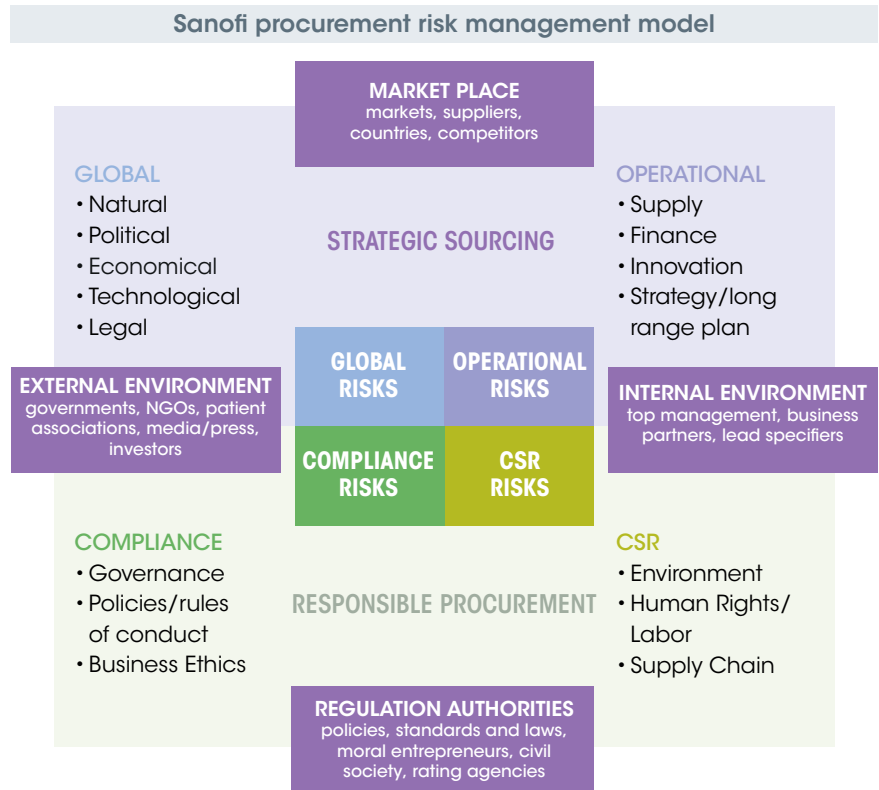
**Our approach**

Our responsible procurement strategy is an integral part of Sanofi's supply chain. It is about seeking to build value while meeting the procurement challenge of employing innovative sourcing strategies, to promote supplier diversity and support our CSR performance. We work closely with our suppliers so that they will take CSR principles on board and comply with high standards, a decisive factor in their commercial relationships with Sanofi.

**Our supplier risk management model**

Since 2007, we have developed a robust, twofold methodology for the large-scale and targeted evaluation of our suppliers worldwide to address a full range of procurement risks, and provide appropriate risk assessment and mitigation:

- **risk mapping per procurement category**, taking into account environmental, social, and ethical risks, and highlighting 25 procurement categories at risk (e.g. waste management, civil engineering, security and safety firms);
- **risk-exposure mapping per country**, taking into account human rights, health and safety, political stability, environmental sustainability index, corruption, and competitiveness, and highlighting 40 countries at risk in 2016 in Africa, Southern Europe, Eastern Europe, Asia Pacific and Latin America.



**Our collaborative approaches to assess and support suppliers**

In 2016, Sanofi joined the Together for Sustainability (TfS) initiative, thereby becoming the first French-based healthcare company to become part of this growing collective supporting sustainable supply chains based on established principles, such as the UN Global Compact and the Responsible Care Global Charter®. This initiative gives us access to a large shared platform of supplier assessments and audits (operated by EcoVadis) and the opportunity to share best practices with our peers. In addition, Sanofi became a member of the Pharmaceutical Supply Chain Initiative (PSCI) at the beginning of 2017. The PSCI involves 24 pharmaceutical and healthcare companies who encourage continuous improvement and compliance of their suppliers in regard to better social, environmental and economic

performance. Through this network, Sanofi is part of two major work programs:

- **supplier shared audit:** this program enhances efficiency for both suppliers and members by avoiding, as far as possible, multiple supplier audits through structured sharing of audit information between PSCI members, and;
- **supplier performance improvement:** this program establishes formal industry guidelines and supports suppliers in increasing their ability to address ethical, labor, health and safety, and environmental issues. We believe that being part of these collaborative initiatives will improve our capability, along with our suppliers, to uphold our CSR commitments and requirements while enhancing efficiency.

**VALUE CREATED**

- T **473 supplier assessments** since 2014.
- T **86 audits** conducted in 2016.

▷ G4-12 ▷ G4-16 ▷ G4-56 ▷ G4-DMA ▷ G4-EC9 ▷ G4-DMA ▷ G4-EN32 ▷ G4-EN33

**More:**

- > Responsible Procurement Factsheet ▷ G4-DMA ▷ G4-EC9 ▷ G4-EN33 ▷ G4-LA15 ▷ G4-HR11 ▷ G4-SO10 ▷ G4-EN32 ▷ G4-LA14 ▷ G4-HR10 ▷ G4-SO9
- > Supplier Code of Conduct ▷ G4-56 ▷ G4-DMA ▷ G4-HR11
- > Sanofi Supplier Relationships Charter

# Medical ethics and bioethics

Contributing to responsible clinical practices and scientific progress

## Our approach

The pharmaceutical sector is a change-intensive industry, where we are continuously challenged to prove the value of our medicines and vaccines across all healthcare systems, to a multitude of interconnected stakeholders. Sanofi recognizes the importance of defining, respecting and continuously revisiting and improving consistent and transparent bioethical standards throughout our research and clinical development activities.

Now reporting directly to the CEO, our **Chief Medical Officer (CMO) and Head of Medical Function** play a key role in supporting a transparent, patient-focused, customer-centric company.

The **Sanofi Bioethics Committee (BEC)** determines Sanofi's position on bioethics policies, designed to ensure ethical conduct in clinical development involving patients and healthy subjects, including respect for human dignity and human rights, and the protection of animals. It also supports the work of the Sanofi Risk Committee.

## The ethical challenges in clinical research, our key actions

We are required to address potential challenges, such as new biotechnologies, scientific advances, public health priorities and public demand for greater transparency, and data protection. Our efforts to further improve in this regard continue every year, and 2016 included the following:

- informed Consent Form: improved template to be used in clinical trials;
- patients and volunteers: adaptation of our framework for evaluating the ethics of our clinical research studies;
- human biological samples: a unified company solution with high ethical standards is in development to conform sample management across all Sanofi organizations;
- research activities: continuous adaptation of our activities to the international Nagoya treaty on biodiversity. Full implementation of the new processes is expected to be organized throughout 2017;
- animal use in research and drug and vaccine production: continuous implementation of the 3Rs principles.

## The ethical challenges in the use of animals in research and production of drugs and vaccines

Use of animals for scientific purposes poses challenges for the scientists who use animals in medical research, and for society as a whole. The current consensus is that using animals for research and production is justified when there are clear benefits for human health and when the 3Rs principles (replacement, reduction and refinement of animal use) are applied. Animals remain an integral part of a comprehensive research and testing strategy that includes non-animal methods (such as computerized models and in vitro testing) and clinical research. Animal use is also part of many regulatory requirements. For example, testing vaccines before batch release remains mandatory worldwide for public health reasons and animal use is required to ensure the safety and efficacy of commercialized vaccines.

### VALUE CREATED

📈 **10% decrease** in animals used through improvement or development of new techniques in the last two years.

📈 The **BEC mandate** is to ensure ethical conduct in clinical development involving patients and healthy subjects.

▷ G4-34 ▷ G4-56

### ● More:

> Animal Protection Factsheet

> Sanofi Animal Protection Charter ▷ G4-DMA ▷ G4-PR11 ▷ G4-PR12

> Medical Ethics and Bioethics Factsheet ▷ G4-DMA ▷ G4-PR1 ▷ G4-PR2

> Sanofi Clinical Trials and Results website: <http://en.sanofi.com/Innovation/clinical-trials-and-results/clinical-trials-and-results.aspx>

## Transparency

### Our approach

In accordance with all applicable rules and regulations, and company commitments, Sanofi is committed to appropriate transparency vis-à-vis its stakeholders including regarding its medical activities. Transparency is a strong driver of credibility and trust, and is critical in our relationships with healthcare professionals, healthcare organizations and patient associations. It is also an essential element of our mission to protect health. This includes:

- disclosure of amounts paid to healthcare professionals and other transfers of value on the Sanofi website, according to local regulations;
- availability of all ongoing clinical study protocols on public registers, and;
- publication of study results, either positive or negative on dedicated websites, according to Sanofi policy.

Sanofi's internal program, "Transparency Initiative", encompasses three main areas:

- our **interactions with healthcare providers (HCPs), healthcare organizations (HCOs) and medical and scientific associations (MSAs)**. Consistent with applicable regulations and the EFPIA Disclosure Code, Sanofi applies objective criteria and respects fair compensation standards;
- our **interactions with patient associations**. Collaborating with patient advocates and groups all over the world on mutual priorities is a key lever toward access to healthcare, to enhance:
  - > patient engagement **in their health** – to help people take more control of their health through better prevention, and disease management,

- > patient engagement **in access and policy** – to help provide patients with effective, affordable, and sustainable solutions and to help ensure that patient needs are reflected in policy decisions,
- > patient engagement **in medical innovation** – to understand and incorporate, where appropriate, patient insights, encourage a supportive environment for innovation, and accelerate new collaboration models;
- **clinical trials data transparency**. Making clinical trial information available to the public benefits patients, healthcare providers and the scientific community and is key to efficient scientific progress. Sanofi publicly shares information on appropriate clinical trials based on our commitments, international and local, legal and regulatory requirements, and other disclosure commitments established by the pharmaceutical industry associations of which we are a member.

### Sanofi's contribution to scientific research

Sanofi has a long history of contributing to scientific progress including through:

- sharing of the results of our clinical trials through publications in peer-reviewed journals, presentations at medical congresses, etc., in line with the 2010 IFPMA Joint Position on the Publication of Clinical Trial Results in the Scientific Literature and applicable legal requirements or restrictions;
- participating in initiatives where data sets are utilized for further research purposes, such as the Project Data

Sphere initiative, the Coalition Against Major Diseases, Prize4Life, and other public – private partnerships, such as the European Innovative Medicines Initiative (to date, sharing of data from 19 oncology clinical trials on the Project Data Sphere platform), and;

- sharing of patient-level clinical trial data and documents with qualified researchers through a data sharing portal, in line with our commitment to the PhRMA/EFPIA Principles for Responsible Clinical Trial Data Sharing.

### VALUE CREATED

- T Public disclosure in **40 countries** of our interactions with healthcare professionals and medical and scientific associations.
- T Clinical Trial Disclosure: at least **43 clinical trial registrations** and **142 clinical trial results** posted in 2016.
- T 611 scientific and medical publications **sponsored or authored** by Sanofi were identified in PubMed, with over **5,600 journals** indexed.
- T **37 requests** from 11 countries for clinical trial data sharing for 92 clinical trials since January 1, 2014.

### ▷ G4-56

#### ● More:

- > Patient associations supported by Sanofi ▷ **G4-DMA** ▷ **G4-SO1**
- > Sanofi Standards For External Experts Participation at Scientific Events Brochure
- > Transparency Initiative:
  - Public Disclosure Payments Data
  - Clinical Trial and Results website: <http://en.sanofi.com/Innovation/clinical-trials-and-results/clinical-trials-and-results.aspx>
  - Relation with healthcare professionals
- > Responsible Lobbying Factsheet ▷ **G4-16** ▷ **G4-24** ▷ **G4-DMA** ▷ **G4-SO6**

# Patient safety

## Our approach

Patient safety is the primary focus of our Global Pharmacovigilance and Epidemiology (GPE), quality and anti-counterfeiting teams. GPE monitors continuously the safety of our products in order to help determine their best conditions of use.

Our approach endeavors guaranteeing quality at each phase of a product's life cycle, from the earliest stages of development to the distribution of products to sales channels: this is the responsibility of Sanofi's quality organizations. Lastly, because we are concerned about the threat to patient safety posed by counterfeit medicines, Sanofi is involved in assisting enforcement authorities in combatting counterfeit drugs.

## Quality management

Sanofi's quality approach is designed to ensure that we provide safe and effective products that are developed, manufactured, distributed and marketed in compliance with regulatory requirements and internal company standards worldwide. Our quality systems are under the responsibility of the Global Chief Quality Officer, who has direct access to the CEO, both signatories of our Global Quality Policy. This highlights our commitment to patient safety and product quality worldwide, and supports all Sanofi employees in upholding our quality fundamentals. The Global Quality vision encompasses five key areas: quality systems, inspection readiness, quality risk management, quality performance and quality culture, and is fully aligned with the Company 2020 roadmap. Our quality organization is a necessary contributor to our business, bringing value to internal and

external stakeholders, particularly patients and consumers. Our quality team is dedicated to ensuring that products and services provided are fully compliant with all requirements, efficacious, safe and easy to use. We use a mature risk management process, handling quality issues including recalls<sup>(1)</sup> when necessary and identifying emerging quality risks, taking all necessary measures to avoid them or mitigate their potential consequences. We regularly monitor the quality performance of our own entities and key suppliers or subcontractors, particularly through audits, and take appropriate corrective and preventive measures if necessary.

### VALUE CREATED

**Trust** We are inspected by regulatory authorities, with **365 inspections in 2016** in all entities and a steady increase over the recent years (see table below).

We also strive to ensure optimal product security: controlled transport conditions and anti-counterfeit measures, such as tamper evidence and authentication technologies, and serialization. Our organization and priorities adapt to evolutions in the regulatory environment and company strategy. Our innovation mindset is illustrated by the key role we play in supporting digital health software development, while at the same time ensuring all applications are compliant with applicable legal requirements to help optimize service to users.

<sup>(1)</sup> Rate of batches recalled for quality reasons (number of batches of commercial products recalled in a given year vs total number of batches of commercial products released in the same year) : 0.27% (vs 0.34% in 2015).

## Our 2016 progress

### Objectives

### 2016 progress and actions

#### Protect product safety through pharmacovigilance

- Sanofi continuously improves the oversight of pharmacovigilance data sources: research projects were initiated to develop methodologies for assessing digital media content (big data) as a complementary source of safety signal detection and epidemiology analysis.

#### Ensure that all employees embrace the fundamentals of quality

- The Quality Fundamentals e-learning program has been in place company-wide for several years.

### VALUE CREATED

**Trust** Close to 94,000 people had been trained by the end of 2016.

#### Combat counterfeiting

- Sanofi improves sampling, analysis and data collection for counterfeit Sanofi products.

### VALUE CREATED

**Trust** Since it was opened in 2008, more than 30,000 entries have been recorded at the Central Anti-Counterfeit Laboratory for the analysis of potential counterfeit products.

## Audits and inspections of pharmaceutical regulated activities

	2015	2016
Number of regulatory inspections	335	365
Number of internal audits	249	252
Number of audits of suppliers of active pharmaceutical ingredients	273	262
Number of audits of Contract Manufacturing Organizations (CMOs)	288	272

**Trust**

▷ G4-15 ▷ G4-DMA ▷ G4-PR1 ▷ G4-PR3

**Pharmacovigilance: monitoring product safety to protect patients**

Sanofi's Global Pharmacovigilance and Epidemiology (GPE) organization monitors the safety of our products worldwide: prescription medicines, vaccines, consumer health products, generics, and medical devices. Among its many activities, GPE assesses continuously the benefit-risk profile of our products at every stage of their life cycle in order to determine, in close relation with the health authorities, the best conditions of their use, and

provides physicians, healthcare professionals and patients with comprehensive, up-to-date safety information, including potential risks associated with a product. To maximize our knowledge about the use of our portfolio under real-life conditions, Sanofi's GPE Department has set up an effective global organization to collect pharmacovigilance data from all sources of information. We have established strong interactions with stakeholders worldwide (i.e. patients and healthcare professionals) during

both clinical development and product life cycle management in order to ensure the completeness of our safety data collection process and the effectiveness of our safety evaluations in compliance with all applicable regulations and policies, including stringent data privacy protection rules. We also make available safety information on our products through our Sanofi websites (go to the section "country" of the Sanofi corporate website to select the country of your choice).

▷ **G4-15** ▷ **G4-DMA** ▷ **G4-PR1** ▷ **G4-PR3**

- **More:**
  - > Quality Policy
  - > Quality Management Systems Factsheet ▷ **G4-15** ▷ **G4-56** ▷ **G4-DMA** ▷ **G4-PR1**
  - > Continuity of Activities and Supplies Factsheet ▷ **G4-DMA** ▷ **G4-PR1**
  - > Fighting Counterfeit Medicines Factsheet ▷ **G4-DMA** ▷ **G4-PR3**
  - > Medicine Identification, Authentication and Traceability – Serialization Factsheet ▷ **G4-DMA** ▷ **G4-PR3**
  - > Pharmacovigilance: Monitoring Product Safety to Protect Patients Factsheet ▷ **G4-DMA** ▷ **G4-PR3**



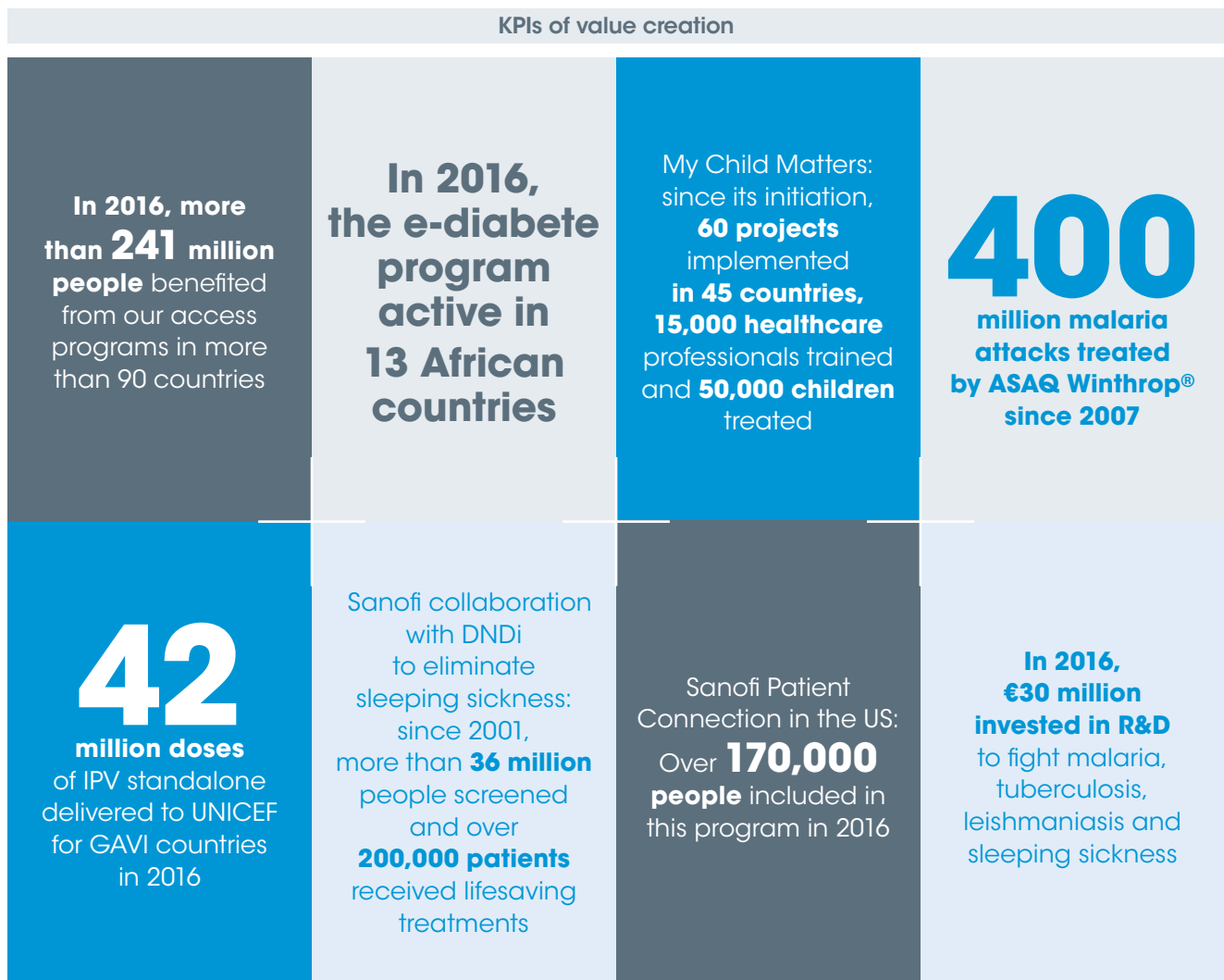
## 5.3.2 Access to Healthcare for the Underserved

Sanofi is committed to its vision of meeting the health needs of the highest possible number of patients worldwide. Today, access to quality healthcare is beyond the reach of around a third of the world's population. We constantly work to drive down that figure,

collaborating with stakeholders to extend the availability of quality healthcare solutions and bringing innovation to patients, healthcare systems, society and budgets. With a diverse portfolio and a global footprint, our business needs the flexibility to address country- and brand-specific issues, such as diversity in local economies, health systems and supply chain. Sanofi believes that pharmaceutical innovation brings value to patients, our society and our

healthcare systems. Given the growing concerns over rising healthcare costs, we have developed an approach to pricing that reflects our continued efforts to act in a transparent manner and to support patient access while minimizing our contribution to healthcare inflation. Our pricing model must reflect that and enable us to continue to advance scientific knowledge and bring innovative treatments to patients around the world.

### KPIs of value creation



## Foster Access to Healthcare for Underserved Patients

### Our approach

Sanofi's extensive portfolio of innovative medicines, vaccines and therapeutic solutions helps treat and prevent diseases that threaten millions of lives, and in this way we make a sustained contribution to meeting global health challenges. The world is experiencing a shift from infectious diseases to chronic non-communicable diseases (NCDs), due to progress in treatments and increased vaccination coverage, and the development of unhealthy lifestyles.

We have substantial expertise in infectious diseases, rare diseases and NCDs, and we want to contribute to the Goals 3 "Good health and well-being" and 17 "Partnerships for the goals" of the UN SDGs with a specific focus on underserved populations.



Achieving global access to healthcare for all raises complex questions that the pharmaceuticals industry cannot answer alone. In recognition of that challenge, Sanofi pools its expertise with diverse private and public partners. We are a member of the AAI, launched at the World Economic Forum in Davos on January 18, 2017. This global partnership works towards the

UN Sustainable Development Goals target of reducing premature deaths from NCDs by 2030. 22 companies, including Sanofi, the World Bank and the Union for International Cancer Control (UICC) have joined forces to endeavor to overcome the barriers to NCD prevention and care in low and lower-middle income countries.

### VALUE CREATED

In 2016, more than **241 million people** benefited from our access programs in more than **90 countries**, including:

- more than 90 million patients received diagnosis, vaccination, treatment, or disease self-management training;
- more than 151 million people reached by awareness campaigns;
- more than 275,000 healthcare professionals trained.

### Our objective and priorities

#### 1 OBJECTIVE

Improve access to healthcare and high-quality medications for underserved populations in our fields of expertise

- Serving the needs of patients with non-communicable diseases
- Contributing to the eradication, elimination and control of some infectious diseases










#### 3 PRIORITIES

**1** Delivering innovative medicines and vaccines to address unmet medical needs

**2** Development of new business/affordability models to improve access to healthcare

**3** Strengthening primary healthcare systems (capacity building, etc.)

Our actions in the table page 41 (Our 2016 progress) focus on targeting the three priorities, identified with the corresponding red numbers.

Objectives	2016 progress and actions
<p>Serving the needs of underserved/ vulnerable patients with non-communicable diseases</p>	<p>• <b>Diabetes</b></p> <p>3 Sanofi is a Kids and Diabetes in Schools (KiDS) partner, supporting children with type 1 diabetes in a school setting and raising awareness of healthy lifestyles among schoolchildren. By end 2016, KiDS had been launched in four countries: India (2013), Brazil (2014), Pakistan (2016) and the United Arab Emirates (2016).</p> <p><b>VALUE CREATED</b></p> <p> In India and Brazil, a total of 53 schools, involving 44,000 children and 4,500 teachers involved in the KiDS program.</p> <p>3 Sanofi supports the e-diabete program, dedicated to training healthcare professionals in Africa.</p> <p><b>VALUE CREATED</b></p> <p> In 2016, the e-diabete program was active in 13 African countries.</p>
	<p>• <b>Mental Health</b></p> <p>3 Our FAST (Fight Against Stigma)-branded initiative, jointly led with the World Association of Social Psychiatry, aims to improve access to mental healthcare in low and middle-income countries (Bolivia, Cameroon, Madagascar, Morocco, Armenia, Mauritania and Myanmar) and fight stigmatization.</p> <p><b>VALUE CREATED</b></p> <p> The FAST initiative has helped raise awareness on mental health among 650,000 people, including 22,000 people seen in consultation, and training of more than 800 healthcare professionals in seven countries.</p>
	<p>• <b>Oncology</b></p> <p>3 Our Sanofi Espoir Foundation has been running the My Child Matters program for more than ten years, aiming to improve access to treatment and care for children with cancer.</p> <p><b>VALUE CREATED</b></p> <p> Since My Child Matters initiation, 60 projects in 45 countries have contributed to training around 15,000 healthcare professionals and treating 50,000 children.</p>
	<p>• <b>Multi-disease actions</b></p> <p>2 In Ghana and the Philippines we have been part of a pilot public-private collaboration since 2014, supporting access to non-communicable disease treatments through tiered-pricing policies, developed in accordance with local legal requirements.</p> <p><b>VALUE CREATED</b></p> <p> Thousands of patients who face affordability barriers are provided with differentially discounted prices for medicines to treat NCDs.</p>
<p>Contribute to the eradication, elimination and control of infectious diseases</p>	<p>• <b>R&amp;D investment for some infectious diseases</b></p> <p>1 Sanofi invested €30 million in R&amp;D to fight malaria, tuberculosis, leishmaniasis and sleeping sickness.</p> <p>• <b>Polio</b></p> <p>2 Through the price mechanism developed with the Bill &amp; Melinda Gates Foundation, we provide significant quantities of inactivated polio vaccine (IPV) for delivery in routine immunization, with the aim of eradicating the disease.</p> <p><b>VALUE CREATED</b></p> <p> In 2016, Sanofi Pasteur delivered 42 million doses of IPV standalone to UNICEF for GAVI (Global Alliance for Vaccine &amp; Immunization) countries.</p>
	<p>• <b>Human African trypanosomiasis (HAT) – sleeping sickness</b></p> <p>1 2 3 Sanofi has partnered with the WHO since 2001 to address several neglected tropical diseases, including HAT. Sanofi's contribution includes providing treatments at no cost, supporting the development of local capacities and collaborating with the Drugs for Neglected Diseases Initiative (DNDi) to develop a new oral treatment. Thanks to these efforts, we are getting ever closer to the objective of eliminating the disease as a public health problem by 2020. For the period 2001-2016, our commitment represents financial support in the amount of \$75 million, or \$5 million annually.</p> <p><b>VALUE CREATED</b></p> <p> Since 2001, more than 36 million people have been screened and over 200,000 patients have received lifesaving treatments.</p>
	<p>• <b>Malaria</b></p> <p>1 In collaboration with Medicines for Malaria Venture (MMV), we are investigating and developing OZ439/Ferroquine, a single-dose treatment that would offer an alternative to artemisinin-based treatments and their growing resistance.</p> <p>2 Our ASAQ Winthrop® drug, developed with DNDi and for which we did not seek patent protection, is supplied at preferential pricing.</p> <p><b>VALUE CREATED</b></p> <p> Since its launch in 2007, ASAQ Winthrop® has enabled the treatment of over 400 million malaria attacks, including more than 43 million in 2016.</p> <p>3 In collaboration with national malaria control programs, ministries of Education and NGOs, we developed the Schoolchildren Against Malaria program, in order to promote prevention behavior in schools in Africa.</p> <p><b>VALUE CREATED</b></p> <p> In 2016, the program was still active in Cameroon, Gabon, Mozambique with nearly 10,000 children and school staff benefiting from awareness information sessions.</p>



Our 2016 progress

Objectives	2016 progress and actions
<p><b>Contribute to the eradication, elimination and control of infectious diseases</b></p>	<p>• <b>Tuberculosis (TB)</b></p> <p><b>1</b> Sanofi is maintaining its efforts to develop new and simplified treatments. Sanofi is a member of the TB Drug Accelerator collaboration that aims to accelerate the discovery and development of novel compounds against TB.</p> <p><b>VALUE CREATED</b></p> <p><b>ATH</b> In 2014, the US FDA approved rifapentine in combination with isoniazid for a new indication for the treatment of latent tuberculosis infection, simplifying the existing treatment regimen.</p>
	<p>• <b>Dengue</b></p> <p><b>1</b> Sanofi Pasteur launched the first vaccine against dengue, Dengvaxia®.</p> <p><b>VALUE CREATED</b></p> <p><b>ATH</b> As of December 2016, Dengvaxia® had been approved in 13 Asian and Latin American endemic countries.</p> <p><b>3</b> In Malaysia, we have been collaborating with the ministries of Health and Education since 2011 through our Dengue Patrol program. This program aims to educate schoolchildren about dengue and empower them to take action in dengue prevention activities.</p> <p><b>VALUE CREATED</b></p> <p><b>ATH</b> As of 2016, more than 250 primary and secondary schools (i.e. more than 12,500 students) were involved and 7,900 dengue patrollers had reached out to more than 200,000 people through preventive activities.</p>

Our commitment to continued vaccine discovery	Fighting antimicrobial resistance	Sanofi Patient Connection in the US
<p>In 2016, Sanofi agreed to Principles of Collaboration with the Oswaldo Cruz Foundation (Fiocruz) and the Walter Reed Army Institute of Research (WRAIR) on the development of a potential Zika vaccine. The collaboration could cover process development, vaccine characterization, epidemiological studies, pre-clinical and clinical vaccine evaluation, and clinical assay optimization. Our R&amp;D commitment in vaccines is also illustrated by our contribution to the Coalition for Epidemic Preparedness Innovations (CEPI) launched in January 2017 which aims to prevent emerging infectious disease outbreaks from becoming humanitarian crises.</p>	<p>Sanofi's continued commitment to developing innovative treatments for infectious diseases was demonstrated in 2016 when we signed the Declaration on Antimicrobial Resistance (AMR). The Declaration is a major milestone in the global response to the threat of drug resistance. Signatory companies for the first time agreed on a common set of principles to guide the global fight against drug resistance. 13 pharmaceutical companies, including Sanofi, presented a roadmap for four key AMR commitments they pledge to deliver by 2020:</p> <ul style="list-style-type: none"> <li>• reduce the environmental impact from the production of antibiotics;</li> <li>• help ensure antibiotics are used only by patients who need them;</li> <li>• improve access to current and future antibiotics, vaccines and diagnostics;</li> <li>• explore new opportunities for open collaborations between industry and the public sector to address challenges in the research and development of new antibiotics, vaccines, and diagnostics.</li> </ul>	<p>Sanofi Patient Connection is a comprehensive patient access and support program in the US, connecting patients to insurance options, medication at no cost when eligible, and additional services. In 2016, 171,185 people were assisted across the program's services, bringing the total number of beneficiaries since its launch in 2012 to more than 1 million. In 2016, through the program's Reimbursement Connection services, insurance coverage was identified for 48,405 patients, and 47,031 patients were assisted in transitioning to healthcare insurance. The same year, the program's Patient Assistance Connection component, made possible by the Sanofi Foundation for North America, provided medications, valued at approximately \$264 million, at no cost to 68,273 eligible patients.</p>

▷ **G4-DMA** ▷ **G4-SO1** ▷ **G4-DMA** ▷ **G4-EC7** ▷ **G4-EC8**

- |  |   |
|--|---|
| <p>● <b>More:</b></p> <ul style="list-style-type: none"> <li>&gt; Access to Healthcare Position Paper</li> <li>&gt; Access to Medicine Direction Programs 2016 Factsheet ▷ <b>G4-DMA</b> ▷ <b>G4-SO1</b></li> <li>&gt; Access to Vaccines 2016 Factsheet</li> <li>&gt; Access to Healthcare Programs Developed by our Affiliates Factsheet ▷ <b>G4-24</b> ▷ <b>G4-DMA</b> ▷ <b>G4-SO1</b></li> <li>&gt; Fighting Malaria Factsheet</li> <li>&gt; Fighting Neglected Tropical Diseases Factsheet</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Fighting Tuberculosis Factsheet</li> <li>&gt; Epilepsy and Mental Illness Factsheet</li> <li>&gt; Addressing the Needs of Rare Disease Patients Around the World Factsheet</li> <li>&gt; Sanofi's Commitment and Contribution to the UN Sustainable Development Goals Factsheet</li> <li>&gt; 2016 Sanofi Communication on Progress and Attestation of External Assessment ▷ <b>G4-15</b></li> <li>&gt; Sanofi Espoir Foundation Annual Report</li> </ul> |
|--|---|

## Our pricing principles to enhance transparency and drug accessibility

As one of the world's largest pharmaceutical companies, today we are sharing the principles we follow when setting prices:

- clear rationale for pricing globally at the launch of a new medicine that takes into consideration a holistic assessment of value, availability of similar treatment options, affordability and any other unique factor at the time of launch;
- limited price increases in the US on our medicines;
- greater transparency in the US around our pricing decisions.

These principles demonstrate Sanofi's commitment to patient access and affordability, a sustainable healthcare system and greater transparency in our pricing actions. Moreover, our position supports an environment that will enable us to continue to advance scientific knowledge and bring innovative treatments to patients worldwide.



● **More:**  
> Our Prescription Medicine Pricing Policy  
> Sanofi Pricing Principles for the US

### 5.3.3 Engage with Communities

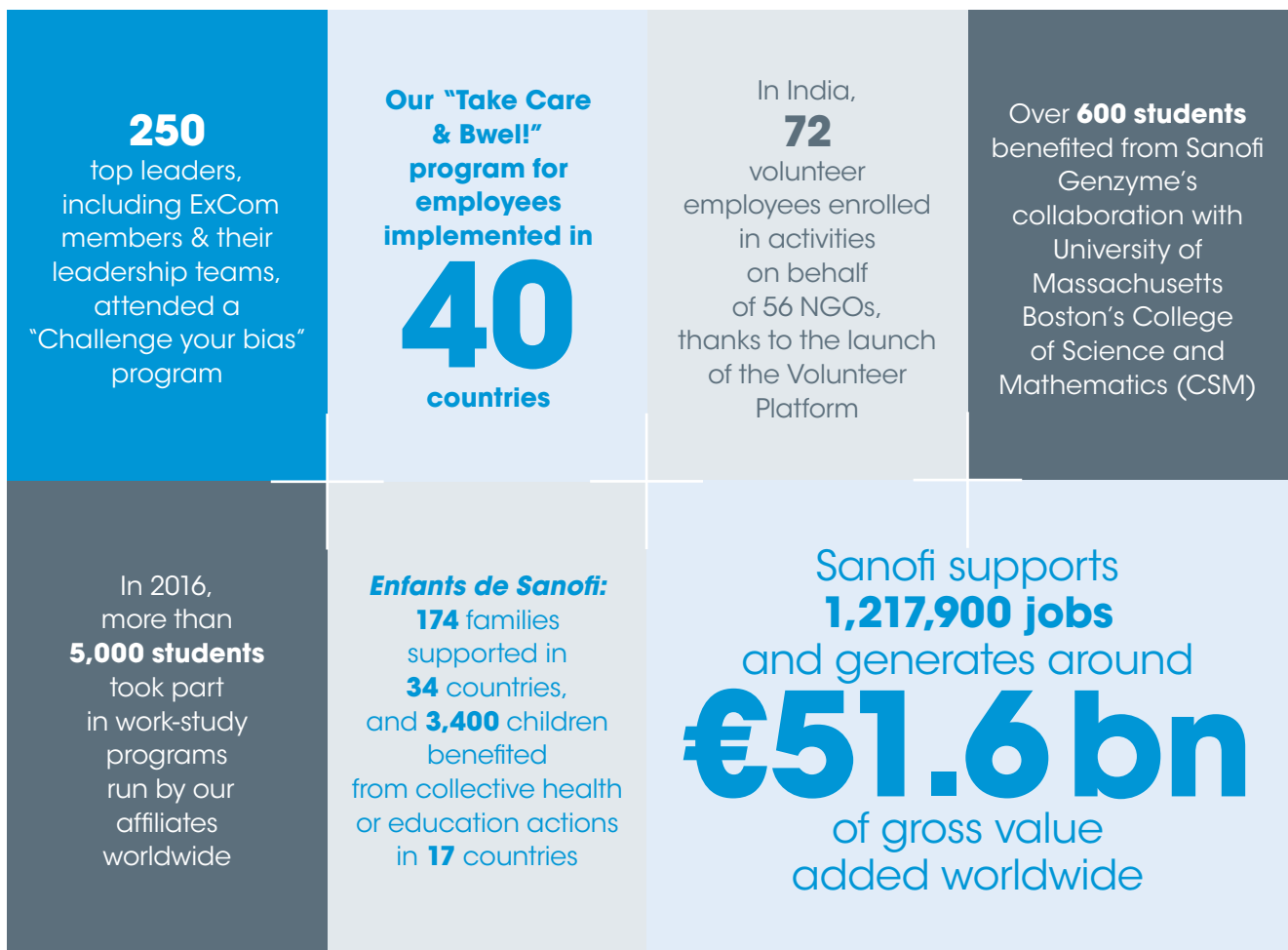
Sanofi is committed to developing the communities where the Company operates, including the community of our employees. We also want to make the ecosystem around our sites more inclusive and sustainable for our local communities. We encourage our

employees to participate in local programs for underserved populations and to support initiatives dedicated to the next generation, in areas like education or employability. This CSR strategy creates value for both society and our business. The sustainable links we build strengthen Sanofi's employee engagement, ease recruitment, attraction and retention, especially among the younger generation.

Our actions contribute to the Goals: 3 "Good health and well-being", 4 "Quality education", 5 "Gender equality", 8 "Decent work and economic growth" and 17 "Partnerships for the goals" of the UN SDG.



#### KPIs of value creation



# Develop human capital

## Our approach

In an increasingly complex environment, Sanofi is transforming its business model, organization, culture and ways of working. Our Human Capital Strategy is closely linked to our 2020 roadmap and takes a far-reaching approach, embracing Sanofi's entire people agenda. Our HR function will be key to driving its execution, supported by its "One Sanofi, One HR" concept and global technology platform. It aims to align HR practices across Sanofi, promising fairness and efficiency for all employees and managers. Sanofi's human capital strategy is based on four pillars that aim to engage and develop our people in support of our strategic roadmap.

## Human capital strategy

Engage and develop people to support Sanofi 2020 roadmap



## "Challenge your bias" program

This program focuses on the benefits of diversity (gender and beyond) and the potential negative impact of a non-diverse organization on revenues and employee engagement. It also aims to raise awareness of potential bias in our people-decisions (hiring, promotion, nominations, exposure

opportunities, salary increases) with the goal of becoming even more inclusive and fully leveraging collective intelligence.

### VALUE CREATED

Sanofi ranked among the **Top 100** Most in Demand Employers by LinkedIn: no. 48 in Europe, Middle-East and Africa (EMEA) and no. 93 in North America

## Our 2016 progress

Objectives	2016 progress and actions
<b>1. Maximize organization effectiveness</b>	<ul style="list-style-type: none"> <li>• <b>Simplification and specialization of the organizational model</b> favoring clearer accountabilities.</li> <li>• <b>Development of flexibility in our operations:</b> implementation of Sanofi Business Services, a new global function delivering best in class services for internal customers and external third parties.</li> <li>• <b>Adaptation of the organization to the reshaped portfolio:</b> integration of new organizations (CHC, Vaccines Europe).</li> </ul>
<b>2. Develop capabilities for growth</b>	<ul style="list-style-type: none"> <li>• <b>Development of strategic workforce planning and identification of key areas of expertise, including:</b> Global Marketing, Market Access, Medical and Digital.</li> <li>• <b>Consistent growth of "Sanofi Leaders®" based on our Lead Model:</b> <ul style="list-style-type: none"> <li>- continuing the Education journey for Executive leaders;</li> <li>- expansion of the One global Sanofi curriculum to leaders and managers.</li> </ul> </li> </ul> <p><b>VALUE CREATED</b></p> <p>4,000+ participants in Global Leadership since 2013.</p>
<b>3. Develop Sanofi leaders</b>	<ul style="list-style-type: none"> <li>• <b>Strengthening Sanofi leadership pipeline</b></li> </ul> <p><b>VALUE CREATED</b></p> <p>Target: staff 80% of our roles internally.</p> <ul style="list-style-type: none"> <li>• <b>Systematic talent reviews to build succession pipeline</b></li> </ul> <p><b>VALUE CREATED</b></p> <p>62% of global key positions have a successor, ready now or to be further developed.</p> <ul style="list-style-type: none"> <li>• <b>Diversity &amp; inclusive leadership as part of our culture journey</b></li> </ul> <p><b>VALUE CREATED</b></p> <p>250 top leaders, including ExCom members and their leadership teams, attended a "Challenge your bias" program. Further rollout in 2017 developed.</p>
<b>4. Evolve Sanofi culture</b>	<ul style="list-style-type: none"> <li>• <b>Supporting performance and cultural shift through reward strategy:</b> <ul style="list-style-type: none"> <li>- individual variable remuneration fully aligned with company performance (sales, BOI, R&amp;D milestones);</li> <li>- LTI program revised to reinforce engagement on long-term company and shareholder objectives;</li> <li>- employee Share plan to strengthen engagement.</li> </ul> </li> </ul> <p><b>VALUE CREATED</b></p> <p>24,000+ employees in more than 80 countries participated in "Action 2016" (capital increase for employees) 1.4% of capital owned by employees as of December 31, 2016.</p>



## Health and safety (H&S) in the workplace

### Our H&S approach

Sanofi's HSE Department ensures that the Company's health, safety and environment policy is applied across the Company, including suppliers working at our sites. All Sanofi sites and entities demonstrated compliance with the HSE policy's 78 strict rules by carrying out audits and in-depth visits.

#### VALUE CREATED

**○-T** In 2016, **49<sup>(1)</sup> Sanofi sites** underwent a full audit and **177<sup>(1)</sup> in-depth preventive or targeted visits** were carried out with the support of technical experts.

All employees receive HSE training at on-boarding and throughout their career. Year-round communication

(1) Number of audits/visits excluding Meril

campaigns are often linked to events organized on sites, such as the Take Care & BWell program ([Link to highlight](#)). We carry out in-depth cause analysis of accidents designed to help prevent future incidents and strengthen safety culture. These activities are key to building a robust safety culture and ensuring a low accident rate.

#### VALUE CREATED

**○-S** In 2016, occupational accident rate with lost time **was stable** compared to 2015, with a frequency rate of 1.7<sup>(2)</sup>.

(2) Excluding Meril. The number of accidents with lost time equal or superior to one day over a 12-month period relative to a million hours. Home to workplace accidents for non-mobile employees are not included. However, these accidents are included for travelling sales staff, in line with reporting rules. The 2015 results were recalculated on the basis of the Company's end-2016 structure for the purposes of the comparison.

### Take Care & BWell!

Benefits promote health and prevent or delay the onset of chronic diseases by focusing on three key pillars: balanced nutrition, regular physical activity and prevention of non-communicable diseases. By end 2016, the program was in place in 40 countries in Europe, Asia-Pacific, Africa, South America and North America. Sanofi's objective is to continue the expansion of this program by helping sites implement good practices and monitor changes in employee behaviors by promoting the use of e-health tools.

#### VALUE CREATED

**○-S** Take Care & BWell! program for employees implemented in **40 countries**.

## Sustain ecosystems around Sanofi

### Our approach

Sanofi believes it has a responsibility to contribute to the sustainable development of the communities

around our sites, building long-lasting relationships with them and therefore creating a beneficial bond.

Our approach is based on several key principles:

- listening and dialoguing with local stakeholders;

- focusing actions on the most underserved populations and participating in initiatives in the areas of education or employability for new job-seekers;
- engaging our employees on concrete actions.

### Our 2016 progress

Objectives	2016 progress and actions
Build long-term relationships with our communities	<ul style="list-style-type: none"> <li>• <b>Facilitate stakeholder panels</b> globally and locally:                             <ul style="list-style-type: none"> <li>- international Stakeholder Committee aims at improving Sanofi's CSR practices by listening to stakeholders' concerns, maintaining transparent and respectful dialogue and co-developing recommendations and initiatives;</li> <li>- local initiatives, such as the Access to Healthcare Stakeholders Committee in Egypt.</li> </ul> </li> <li>• <b>Perform materiality analysis</b> both globally and locally. Based on country specificities and in line with Sanofi CSR strategy, each affiliate defines its local approach to stakeholder consultation.</li> </ul>

#### More:

- > Health & Safety in the workplace Factsheet ▷ **G4-DMA** ▷ **G4-LA5** ▷ **G4-LA6** ▷ **G4-LA7** ▷ **G4-LA8**
- > See Chapter 4 of the 2016 Document de référence for: [http://en.sanofi.com/Images/CSR/Chapter4\\_Document\\_reference2016.pdf](http://en.sanofi.com/Images/CSR/Chapter4_Document_reference2016.pdf)
  - Compensation ▷ **G4-LA2**
  - Training career development ▷ **G4-DMA** ▷ **G4-LA9** ▷ **G4-LA10** ▷ **G4-LA11**
  - Social dialogue ▷ **G4-11**
  - Social Charter ▷ **G4-15** ▷ **G4-56**

**○-S**: Social  
**○-T**: Trust



Objectives	2016 progress and actions
<p><b>Build collaborations with school and universities worldwide</b></p>	<ul style="list-style-type: none"> <li>• <b>Support education</b> <ul style="list-style-type: none"> <li>- Sanofi is one of the corporate members of the Deshpande Center Corporate Program which helps MIT's most talented researchers develop innovative technologies in the lab and bring them to the marketplace.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ 12 new projects were supported in 2016, thanks to the contributions of Sanofi, as well as other corporate sponsors and individual donors.</li> </ul> </li> <li>- Sanofi Innovation Awards program aims to encourage academic investigators in some of the most prestigious universities in the US to collaborate with Sanofi scientists to quickly advance their ideas about innovative therapeutic solutions for patients towards the clinic. Through this program, Sanofi US provides funding for highly innovative early stage ideas in a broad range of therapeutic areas.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ So far, Sanofi has funded 44 iAward projects through this program, including a new round of 20 projects selected in 2016.</li> </ul> <ul style="list-style-type: none"> <li>- Sanofi Biogenius Canada aims to challenge high school students to carry out ground-breaking research projects in the field of biotechnology.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ 171 students participated in this program.</li> </ul> <ul style="list-style-type: none"> <li>- Genzyme promotes science education for students of all ages, from elementary to graduate school, and develops initiatives for science teachers, students and the general public.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ Around 700 students benefited from Sanofi and Genzyme's collaboration with University of Massachusetts Boston's College of Science and Mathematics (CSM).</li> </ul> <ul style="list-style-type: none"> <li>- Training, internships and workshop offers for students in many countries where the Company has operations.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ In 2016, more than 5,000 students took part in work-study programs run by our affiliates worldwide.</li> </ul>
<p><b>Support economic development</b></p>	<ul style="list-style-type: none"> <li>• <b>Measurement of Sanofi's socio-economic footprint</b> <ul style="list-style-type: none"> <li>- First socio-economic study carried out to measure Sanofi's footprint, both globally and locally.</li> </ul> </li> <li>• <b>Support suppliers</b> <ul style="list-style-type: none"> <li>- SME plan ("plan PME") in France, finalized in 2015 to support small- and medium-sized local companies in job creation, in particular in the health, industrial and services sectors.</li> </ul> </li> </ul>
<p><b>Support communities through employee volunteering and donations from the Company</b></p>	<ul style="list-style-type: none"> <li>• <b>Employee volunteering</b> <ul style="list-style-type: none"> <li>- The Sanofi Season of Solidarity, organized through the Sanofi foundations, is an annual international event dedicated to volunteering, giving employees an opportunity to meet NGOs and organize solidarity activities for their benefit.</li> <li>- Support for local initiatives.</li> </ul> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ In India, 72 volunteer employees enrolled in activities on behalf of 56 NGOs, thanks to the launch of the Volunteer Platform (India is the first pilot country).</li> <li>○ \$ In the Czech Republic and Slovakia, 131 employees signed up for volunteer events and supported 12 non-profit community organizations through the More Than Words Can Say program.</li> <li>○ \$ In the US, 505 employees involved in volunteer activities, 27+ events with local community partners through the Sanofi Genzyme GIVE program. For the Sanofi US Bridgewater site (New Jersey), the volunteering program involved 457 volunteers in 32 projects.</li> </ul> </li> </ul>
<p><b>Support our employees' children</b></p>	<ul style="list-style-type: none"> <li>• <b>Enfants de Sanofi (Children of Sanofi) association</b> <p>The purpose of this not-for-profit organization, funded by both Sanofi and employees, is to help employees' children who are experiencing medical problems, social issues or educational difficulties.</p> <p><b>VALUE CREATED</b></p> <ul style="list-style-type: none"> <li>○ \$ This program provided individual support to 174 families from 34 countries in 2016.</li> <li>○ \$ 3,400 children from 17 countries participated in collective health/education actions.</li> <li>○ \$ In 2016, special support was offered to Venezuela in the context of its severe political and economic crisis. \$35,000 donation (non-perishable food boxes and school supplies) for 250 employees' children and their families.</li> </ul> </li> </ul>

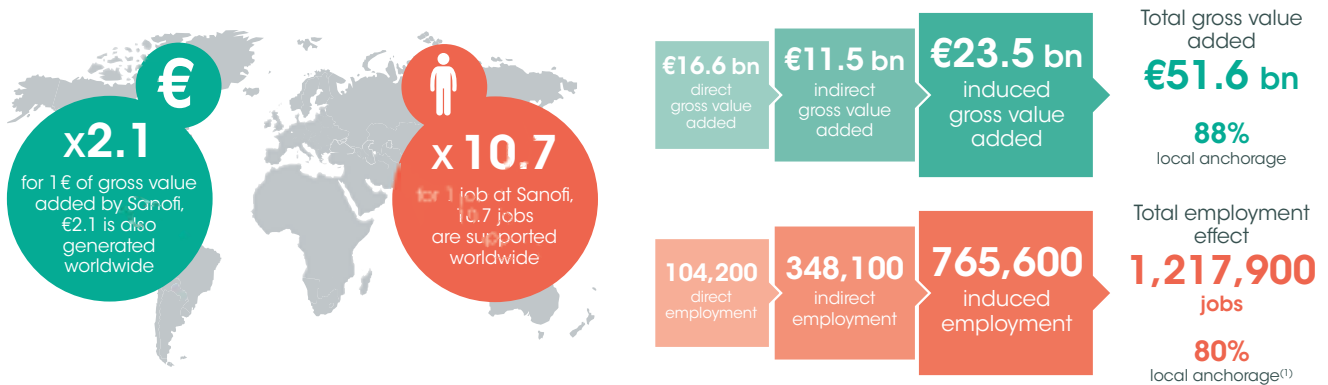


**Sanofi's socio-economic footprint**

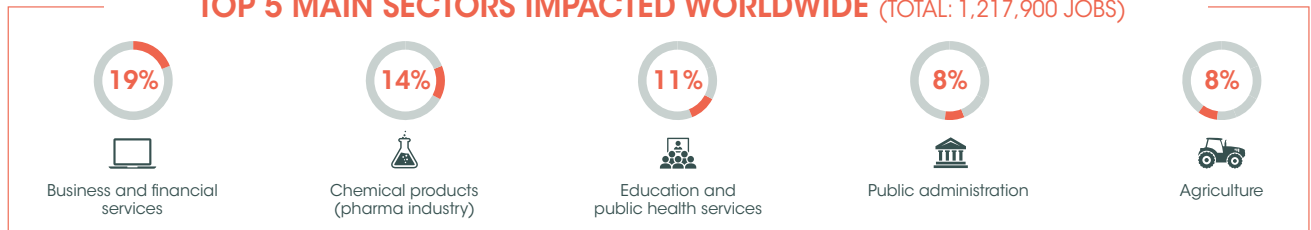
Sanofi's socio-economic footprint goes far beyond the direct impacts generated by its economic activity. To better understand our contributions across the world, we performed an analysis in 2015 to estimate the effects of our economic flows. Three different types of impacts were measured:

- Direct impacts: Sanofi's own impacts – our jobs and the added value generated by our activities;
  - Indirect impacts: full time year jobs and GVA (gross value added) supported within our supply chain and service providers – 1<sup>st</sup> tier suppliers, as well as 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, etc. tier suppliers; and
  - Induced impacts: the impacts supported by household consumption (wages paid by Sanofi and its chain of suppliers) and by public administration expenditure (taxes paid by the Company and its chain of suppliers).
- The study concludes that Sanofi supports 1,217,900 jobs and generates around €51.6 billion of gross value added worldwide.

**The outcomes of our economic footprint analysis**



**TOP 5 MAIN SECTORS IMPACTED WORLDWIDE (TOTAL: 1,217,900 JOBS)**



Source: 2014 Data from Sanofi; Utopies calculation (LOCAL FOOTPRINT®)

(1) Local anchorage: "What remains in the country where it was initially generated", calculated by the following impact ratio:  
Local anchorage = Impacts generated in the relevant geographical area by the activity/Total impacts generated by the activity worldwide.

**Generation of Healthy Families – Colombia**

Over 50% of employees at Villa Rica, Sanofi's columbian plant, live in the nearby town, one of the areas most affected by the country's armed conflict and by attendant social problems such

as drugs, prostitution and crime. In 2014, Sanofi identified 41 employees living in vulnerable conditions and the plant launched Generation of Healthy Families, a program aimed at developing greater social actions with the local community. The program first focused on working with children at the

Simón Bolívar preteen school in Villa Rica, introducing a prevention program for children affected by social problems in their community. It then focused on working with our employees and their families to help enhance performance at work by improving their quality of life.

▷ **G4-EC7** ▷ **G4-EC8**

- **Related content in this report:**
  - > 3.6 CSR strategy
  - > 4.5 Stakeholder engagement
- **More:**
  - > Chapter 4 of the 2016 Document de référence: [http://en.sanofi.com/Images/CSR\\_Chapter4\\_Document\\_reference2016.pdf](http://en.sanofi.com/Images/CSR_Chapter4_Document_reference2016.pdf)
  - > Employee Volunteering Factsheet
  - > Working with School and Universities Factsheet
  - > Local Social Impact Factsheet
  - ▷ **G4-DMA** ▷ **G4-EC8** ▷ **G4-SO1**
  - > Sanofi's Socio-economic Footprint Factsheet ▷ **G4-EC1** ▷ **G4-EC8**
  - > Stakeholder Engagement Factsheet ▷ **G4-16** ▷ **G4-19** ▷ **G4-24** ▷ **G4-25** ▷ **G4-26** ▷ **G4-27**

## 5.3.4 Healthy Planet: our environmental performance

### Sanofi environmental footprint

Because the environment we live in directly affects our health, at Sanofi we are committed to monitoring our environmental impact. From the raw materials we use in our products to their potential end-of-life impact on human health and the environment, we strive to limit potential negative effects caused by our medicines, devices and services throughout their full life cycle. We have developed a far-reaching project, Planet Mobilization, to define the Company's 2015-2025 environmental strategy along the entire value chain, involving all our stakeholders. We focus on four priorities: GHG emissions, water management and pharmaceuticals in the

environment (PIE), waste management and addressing issues around the consequences of climate change and health. Our actions contribute to the Goals 6 "Clean water and sanitation", 7 "Affordable and clean energy", 12 "Responsible consumption and production", 13 "Climate action" and 17 "Partnerships for the goals" of the UN SDG.

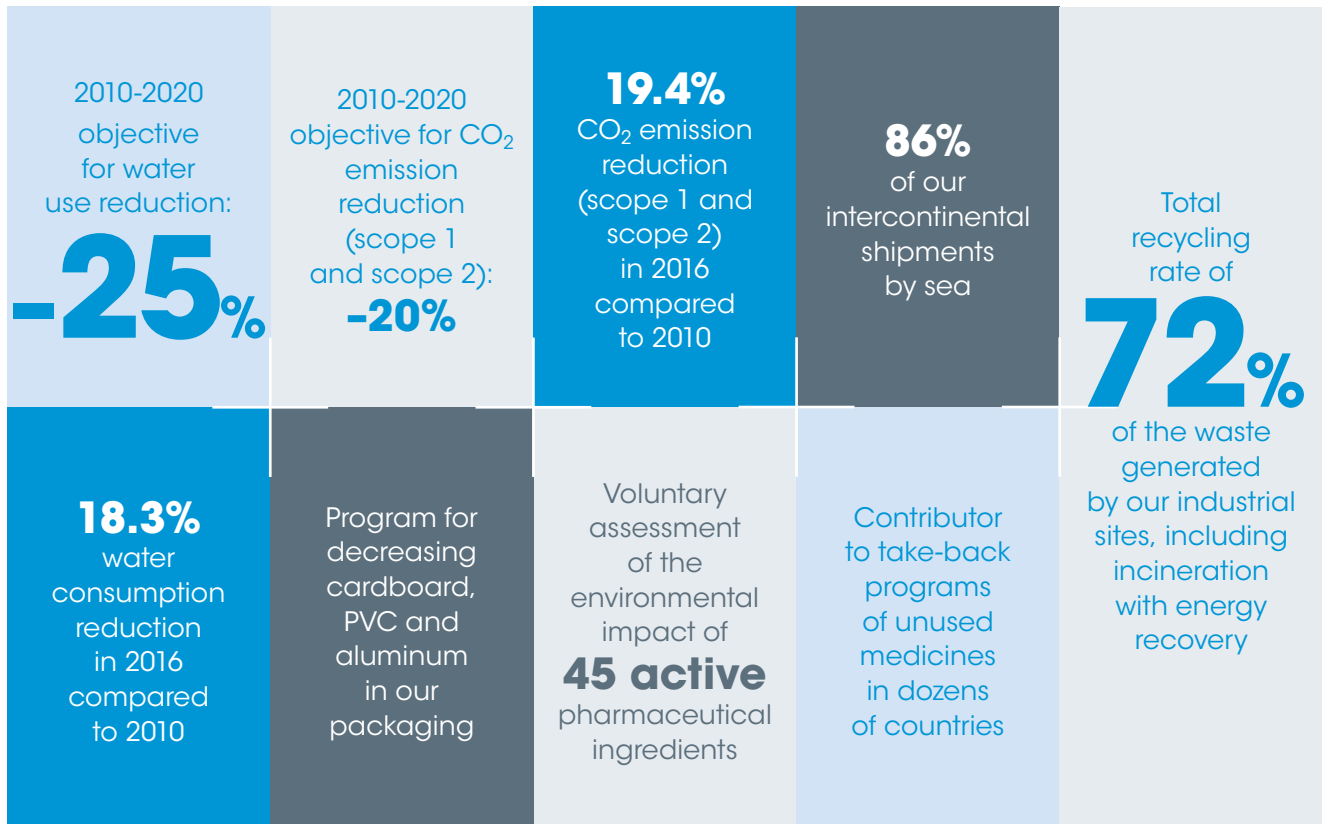
These subjects are part of our HSE strategy, defined in close cooperation with SBS-Procurement, Industrial Affairs, R&D, CSR and other operational units. Our project is aligned with the four pillars of the 2020 roadmap in order to support and facilitate the execution of our company strategy:

- reshape the portfolio: assessment of products' environmental footprint,

- including suppliers and value chain;
- deliver outstanding launches: integration of HSE criteria, particularly packaging and eco-design in manufacturing in the pre-industrialization phase;
- sustain innovation: promote greener products throughout their full life cycle, and anticipate the health impact of climate change, while mitigating the impact of Sanofi's activities;
- simplify the organization: standardization, simplification and alignment on shared global environmental visions and objectives
  - GHG emissions, water, waste, biodiversity.



### KPIs of value creation



## Reduce green house gas emissions

### Our approach

As a global pharmaceutical company, we have a responsibility to reduce our own carbon footprint and to contribute to a significant decrease in the overall health sector footprint; currently between 3% and 5% of OECD countries' CO<sub>2</sub> emissions. Objective 2010-2020: achieve a 20% reduction in the combined scope 1 and scope 2 CO<sub>2</sub> emissions for industrial and R&D sites, and sales force vehicles. This involves a responsible energy approach (use less, use better, use greener) and a responsible transportation policy (for goods and people). We are also working on reducing our scope 3 emissions.

### Our 2016 progress

Objectives	2016 progress and actions
<b>Reduce energy consumption</b>	<ul style="list-style-type: none"> <li>By end 2016, Sanofi's total energy consumption was 13.6% less compared to 2010.</li> <li>We signed a new agreement with Suez, pursuing an efficiency and optimization energy project, and now including water and waste management (circular economy, etc).</li> <li>A total of 15 sites obtained ISO 50001 certification and 18 sites underwent energy audits.</li> </ul>
<b>Reduce CO<sub>2</sub> emissions</b>	<ul style="list-style-type: none"> <li>In 2016, excluding emissions from sales representatives' vehicles, we achieved a 19.4% reduction in our scope 1 and 2 CO<sub>2</sub> compared to 2010.</li> <li>We encourage the use of sea transportation instead of air shipments whenever possible allowing savings of 260,000 tons of CO<sub>2</sub> per year. To date, 86% of our intercontinental shipments are by sea.</li> <li>We encourage employees to use carpooling, electric cars and public transportation.</li> </ul>
<b>Improve our calculation of scope 3 emissions</b>	<ul style="list-style-type: none"> <li>In 2016, Sanofi improved its scope 3 emissions calculation in order to enhance the accuracy of the data.</li> </ul>

### Scope 3 categories

Sanofi's total scope 1 and 2 is stable compared to 2015.

In 2016, Sanofi's total scope 3 CO<sub>2</sub> emissions stood at 8,732,292 tCO<sub>2</sub>e, representing 90% of its CO<sub>2</sub> emissions worldwide.

Approximately 50% of our CO<sub>2</sub> emissions footprint is related to raw material (packaging items and active ingredients and excipients).

### Vehicle fleet renewal and eco-driving training

In 2016, we progressively renewed our vehicle fleet for enhanced fuel efficiency with the aim of meeting a limit of 120 g CO<sub>2</sub>/km. Around 59% of our total vehicle fleet is now compliant, including two-wheel vehicles in several Asian countries (India, Indonesia, Vietnam, etc.). These results were also achieved via the "eco-driving" training which reduces fuel consumption and has been promoted across Sanofi's affiliates. The low-carbon cars fleet include a total of almost 3,200 vehicles worldwide: 2,111 cars running on biofuel (mostly in Brazil); 1,081 hybrid cars (mostly in Japan); and 2 fully electric cars.

### A trigeneration unit at our Scoppito site in Italy

The trigeneration unit built at our Scoppito site in Italy simultaneously produces three forms of energy: electricity, hot water and cold water. One of four facilities being built in Italy, this new trigeneration plant is expected to reduce the site's energy costs by 36% and CO<sub>2</sub> emissions by 12%, enhancing our competitiveness.

▷ [G4-DMA](#) ▷ [G4-EN15](#) ▷ [G4-EN16](#) ▷ [G4-EN17](#) ▷ [G4-EN19](#)

#### ● More:

> Carbon Footprint: CO<sub>2</sub> Emissions – Scope 1 and 2 Factsheet ▷ [G4-DMA](#) ▷ [G4-EN15](#) ▷ [G4-EN16](#) ▷ [G4-EN17](#) ▷ [G4-EN18](#) ▷ [G4-EN19](#)  
 > CO<sub>2</sub> Emissions – Scope 3 Factsheet ▷ [G4-DMA](#) ▷ [G4-EN17](#) ▷ [G4-EN19](#)  
 > Protection of the Atmosphere Factsheet ▷ [G4-DMA](#) ▷ [G4-EN20](#) ▷ [G4-EN21](#)  
 > Circular Economy Factsheet ▷ [G4-DMA](#) ▷ [G4-EN23](#) ▷ [G4-EN25](#) ▷ [G4-EN27](#)  
 > HSE Management System Factsheet ▷ [G4-56](#)  
 > Transporting Medicines Factsheet ▷ [G4-DMA](#) ▷ [G4-EN17](#)  
 > Sustainable Building Charter ▷ [G4-DMA](#) ▷ [G4-15](#)  
 > Biodiversity and Biopiracy Factsheet ▷ [G4-DMA](#) ▷ [G4-EN11](#) ▷ [G4-EN12](#) ▷ [G4-EN13](#) ▷ [G4-EN14](#) ▷ [G4-EN26](#)

# Streamline water use and PIE management

## Our approach

With Sanofi's industrial activities requiring clean water, we are fully aware of the critical challenge posed by the world's dwindling fresh water resources. We also put a strong focus on the challenge of preventing pharmaceuticals from impacting the environment. Pharmaceuticals may enter the environment through sources, including effluents from industrial facilities, medicines excreted by patients, or incorrect disposal of unused and expired medicines. We have therefore implemented a series of programs to reduce our potential impact on water use by reducing our consumption, measuring and limiting the impact of our effluents and medicines, supporting the proper use of medicines and take back programs for unused ones. Sanofi aims to achieve a 25% reduction in water withdrawal by 2020, and to continuously progress in assessing and managing potential impact at industrial sites.

## Conducting in-depth studies of Sanofi sites in water scarcity and water stress areas

Since 2014, Sanofi has fine-tuned its methods of identifying locations where activities may be impacted by water-related risks. For all potentially impacted facilities, a four-year program was developed to launch at the end of 2015. In 2016, we identified 10 sites for which further investigations are necessary to determine whether they may be

## Our 2016 progress

Objectives	2016 progress and actions
<b>Reduce water withdrawal</b>	<ul style="list-style-type: none"> <li>In 2016, we achieved an 18.3% reduction in water consumption compared to 2010, the baseline year.</li> <li>We carried out in-depth studies to identify locations where our activities may be impacted by water-related risks.</li> </ul>
<b>Assess the environmental impact of effluents from our manufacturing sites</b>	<ul style="list-style-type: none"> <li>We developed a tool for assessing environmental risks related to emissions of active ingredients in wastewater consistent with applicable legal requirements.</li> </ul>
<b>Measure the potential environmental impact of our medicines</b>	<ul style="list-style-type: none"> <li>We completed voluntary environmental assessments for 45 APIs on marketed drugs.</li> </ul>
<b>Contribute to research on pharmaceuticals in the environment (PIE)</b>	<ul style="list-style-type: none"> <li>We co-founded a research project at the University of Montpellier (France) on the use of an emerging approach to study the environmental effects of pharmaceuticals.</li> </ul>
<b>Develop programs to promote the proper use of medicines</b>	<ul style="list-style-type: none"> <li>We managed a platform for healthcare professionals and patients on the responsible use of antibiotics.</li> </ul>
<b>Support targeted programs to take back unused and expired medicines</b>	<ul style="list-style-type: none"> <li>We contributed to the implementation of take-back programs in many countries in Europe, Asia, North and South America.</li> </ul>


affected by water-related risk and 2 sites consuming more than 1 million m<sup>3</sup> per year.

Facilities with high potential risk (9 sites, representing 9% of the Company water withdrawal in 2016) are required to define an action plan to reduce water use on site, including appropriate targets and monitoring. A self-assessment tool was also developed for sites, focusing on chemistry sites and injectable manufacturing sites, as well as sites in Brazil, Colombia and China.

## Analysing wastewater effluents at Sanofi sites

In recent years, Sanofi has conducted a risk assessment program evaluating pharmaceuticals in effluent emitted, consistent with applicable legal requirements, from seven chemistry sites. No indication of specific environmental risks was demonstrated for 17 priority pharmaceuticals manufactured in those sites. Further to this program, an environmental risk prediction tool for Pharma sites was developed in 2016 to support prioritization of PIE risk evaluation. In 2017, 100% priority sites, i.e. 11 Pharma sites, are expected to be evaluated.

### VALUE CREATED

 In 2016, Sanofi consumed 43.3 million m<sup>3</sup> water, **roughly stable** compared to 2015, 76% is used by chemistry, biopharmaceutical sites.

▷ **G4-DMA** ▷ **G4-EN26**

### ● More:

> Water Resource Management Factsheet ▷ **G4-DMA** ▷ **G4-EN8** ▷ **G4-EN9** ▷ **G4-EN10** ▷ **G4-EN22**  
 > Disposal of Unused Medicines and User Recommendations Factsheet ▷ **G4-DMA** ▷ **G4-EN27**

> Pharmaceuticals In the Environment (PIE) Factsheet ▷ **G4-DMA** ▷ **G4-EN26** ▷ **G4-EN27**  
 > Green Chemistry Factsheet ▷ **G4-EN1** ▷ **G4-EN2** ▷ **G4-EN27**  
 > Implementation of REACH Regulation Factsheet

> Soil and Ground Water Protection Factsheet ▷ **G4-DMA** ▷ **G4-EN24** ▷ **G4-EN26**  
 > HSE Management System Factsheet ▷ **G4-56**  
 > HSE Policy ▷ **G4-EN15** ▷ **G4-56**

 Environmental

## Reduce waste

### Our approach

As a pharmaceutical company, we are committed to both reducing the potential environmental and health impacts of waste and improving resource efficiency. Sanofi takes a multifaceted approach to limiting the quantities of waste generated by our activities. We focus on optimizing packaging and use of solvents and raising awareness among employees, especially on food waste, encouraging appropriate sorting, reuse and recycling to help minimize the need to extract additional natural resources. We have designed a waste management program with specific procedures to characterize process streams and identify, organize, collect, sort, treat, store, transport and dispose of different types of waste as appropriate and in compliance with applicable legal requirements.

Inspired by circular economy principles, our Planet Mobilization project highlights robust initiatives and aims to identify opportunities to utilize waste from industrial processes, and especially unavoidable waste, as a potential resource. Among its recommendations is sending less than 1% of operational waste to landfills and achieving a recycling rate of more than 90% by 2025.

### Our 2016 progress

#### Objectives

#### 2016 progress and actions

**Make the best use of blister packaging materials**

• We carry out studies to limit package sizes in order to decrease cardboard, PVC and aluminum consumption.

**Optimize use of solvents for better waste management**

• Sanofi has developed tools and performance indicators to optimize the use of solvents in our industrial processes (chemical synthesis, cleaning equipment, etc.).


**Support take-back programs to collect unused medicines**

• We encourage the use of incineration instead of landfill to dispose of our products.

### Sanofi awarded for its packaging

In 2016, Sanofi received a French packaging award: the "Oscar de l'emballage". In the winning project, the PVC blister was replaced by a carton wedge, and the overall volume of the carton folding box reduced by more than 40%. This represents an overall annual drop in PVC use of 80 tons and a 50% reduction in the number of pallets transported. Our ambition is to replace plastic trays with carton-made systems for secondary packaging, within the limits of acceptance by end users (medical staff and patients).

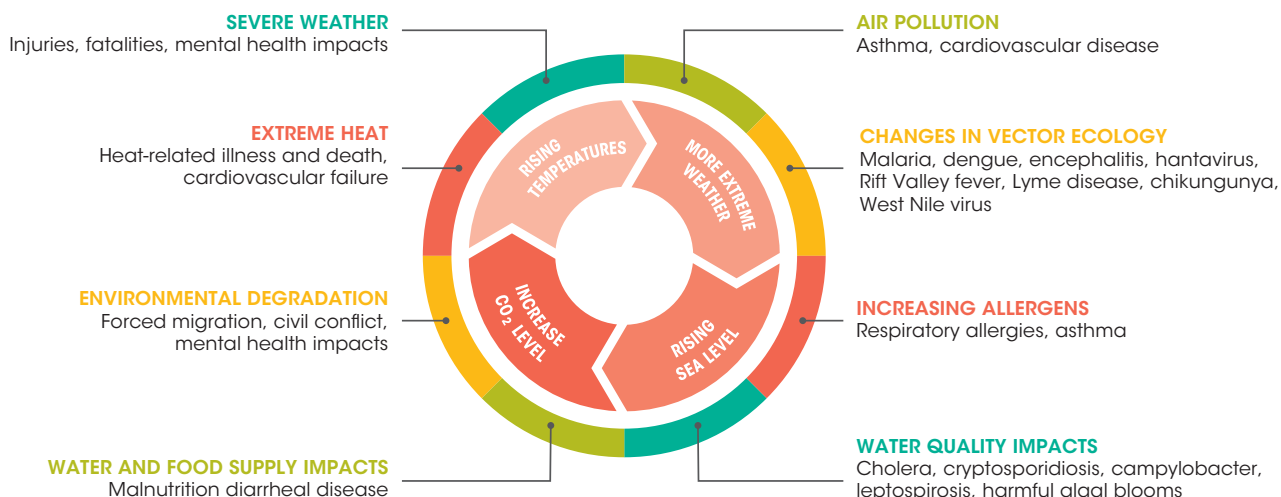
### VALUE CREATED

 We achieved a total recycling rate of **72% of our industrial waste**, including incineration with energy recovery (estimated at 27% internally). Our landfill rate is estimated at 5%.

#### ● More:

- > Waste Management Factsheet ▷ [G4-DMA](#) ▷ [G4-EN23](#) ▷ [G4-EN25](#)
- > Packaging Factsheet ▷ [G4-DMA](#) ▷ [G4-EN1](#) ▷ [G4-EN27](#) ▷ [G4-EN28](#)
- > Transporting Medicines and Vaccines Factsheet ▷ [G4-DMA](#) ▷ [G4-EN17](#)
- > Pharmaceuticals In the Environment Factsheet ▷ [G4-DMA](#) ▷ [G4-EN26](#) ▷ [G4-EN27](#)
- > Disposal of Unused Medicines Factsheet ▷ [G4-DMA](#) ▷ [G4-EN27](#)
- > Circular Economy Factsheet ▷ [G4-DMA](#) ▷ [G4-EN23](#) ▷ [G4-EN25](#) ▷ [G4-EN27](#)
- > Office Printing ▷ [G4-DMA](#) ▷ [G4-EN23](#)

# Addressing issues around climate change and health



Source: Center for Disease Control and Prevention (CDC-Atlanta, USA).

## Our approach

Climate change may have direct health impacts as it can lead to weather phenomena, heatwaves or extreme cold, food shortages, difficulties in accessing drinking water and increased air-pollution. Climate change also induces indirect effects by creating favorable conditions for the intensification and spread of vector-borne diseases. Sanofi is committed to addressing issues around environmental/climate change and health: continue R&D efforts for some climate-sensitive diseases, supporting communities through emergency assistance and raising awareness among our stakeholders.

## Raising awareness on outdoor/ indoor pollutions and allergies

In May 2016, Sanofi CHC organized the Allergy and Air Pollution Training Meeting in Singapore, attended by 52 physicians from 21 countries. Experts emphasized that global warming affects the start, duration and intensity of the pollen season and that air pollution is

associated with mortality and morbidity for respiratory and cardiovascular diseases. We organized local and regional scientific meetings in some of the territories where we operate, with the aim of increasing awareness of the impact of air pollution on allergic respiratory conditions. Over 4,000 physicians attended, with a further 5,400 reached through Web meetings and magazines.

## VALUE CREATED

**EN** Number of children in the Dengue Patrol program: as of 2016 more than **250 primary and secondary schools** (e.g. more than 12,500 students) were educated against dengue and empowered to take action in dengue prevention activities

**EN** **Over 4,000 physicians** attended the training meeting on allergies and air pollution, with a further 5,400 reached through web meetings and magazines

## Our 2016 progress

### Objectives

**Provide solutions designed to help prevent and respond to impacts of climate change on health**

**Raise awareness among our stakeholders about the consequences of climate change on health**

### 2016 progress and actions

- We launched a new vaccine to combat dengue.
- We promoted access to affordable treatment and launched prevention programs in the areas most affected by malaria.
- After being an official partner of COP21, we attended the COP22 meeting in Marrakech to highlight Sanofi's environmental commitments and achievements.
- Sanofi is among the pharmaceutical companies that supported the report of the 2015 Commission on Health and Climate Change published in *The Lancet*.
- We organized for healthcare professionals a continuous medical education program in India on "Pollen allergies adapting to a changing climate".

### ● Related content on this report:

- > 5.3.2 Access to Healthcare for the Underserved
- > 4.4 A proactive and structured risk management approach

### ● More:

- > Sanofi's Risks and Opportunities Related to Climate Change Factsheet
- > Fighting Malaria Factsheet
- > Fighting Tuberculosis Factsheet

- > Fighting Neglected Tropical Diseases Factsheet
- > Climate Change and Health Factsheet **▷ G4-DMA ▷ G4-EN15 ▷ G4-EN16 ▷ G4-EN17 ▷ G4-EN19**

**EN**: Environmental

# About this report

## The rationale behind this report

This report has been developed for a wide range of stakeholders, including shareholders and investors, employees, local communities, authorities, patients, suppliers, healthcare professionals, NGOs and CSR rating agencies.

This first Integrated Report is informed by the reference framework published by the International Integrated Reporting Council (IIRC).

Sanofi's Integrated Report also complies with the most widely recognized international standards:

- The Global Reporting Initiative (GRI, <http://www.globalreporting.org>; our reporting principles are based on the GRI G4 Sustainability Reporting Guidelines in accordance with the 'Core' option).

- The United Nations Global Compact (UNGC): Sanofi has embraced the fundamental principles of this platform since we became a member in 2000.

## Other publications

- More information is available on our corporate website, including a Download center containing more than 60 Factsheets.
- More detailed information on our activities, governance, risk factors and consolidated financial statements is contained in our annual report on Form 20-F.
- More information for our shareholders can be found in our 2016 shareholder handbook.

## Reporting process and assurance

This report covers the twelve months ending December 31, 2016. Some recent developments relating to our activities that took place in the period till our annual General Assemble on May 10, 2017 are also mentioned. We are confident in the overall reliability of the data reported, but recognize that some of the information is subject to an element of uncertainty, inherent in limitations associated with measuring and calculating data.

Independent verification of CSR data: Each year, the accuracy of our CSR data is reviewed by independent auditors. A list of quantitative indicators, the reporting methodology and the limited assurance report of one of our Statutory Auditors can be found in the Factsheet CSR Indicators Table and Auditor's Report.

## Glossary

AAI	Access Accelerated Initiative	GEM	General Medicine and Emerging Markets	NCD	Non-Communicable Disease
AFEP	Association Française des Entreprises Privées	GBU	Global Business Unit	NGO	Non-Governmental Organization
API	Active pharmaceutical ingredients	GPE	Global Pharmacovigilance and Epidemiology	NME	New Molecular Entity
BEC	Bioethics Committee	GRI	Global Reporting Initiative	OECD	Organisation for Economic Co-operation and Development
BOI	Business Operating Income	HCO	Healthcare Organizations	OTC	Over The Counter
CDP	Carbon Disclosure Project	HCP	Healthcare Providers	PIE	Pharmaceuticals in the Environment
CEO	Chief Executive Officer	HSE	Health Safety and Environment	PhRMA	Pharmaceutical Research and Manufacturers of America
CFO	Chief Financial Officer	HR	Human Resources	PVC	Polyvinyl chloride
CHC	Consumer Healthcare	IFPMA	International Federation of Pharmaceutical Manufacturer Associations	R&D	Research & Development
CMO	Chief Medical Officer	IIRC	International Integrated Reporting Council	SBS	Sanofi Business Services
CSR	Corporate Social Responsibility	IPV	Inactivated Polio Vaccine	TB	Tuberculosis
DJSI	Dow Jones Sustainability Index	IPCC	International Panel on Climate Change	TfS	Together for sustainability
DNDi	Drugs For Neglected Diseases initiative	LTI	Long-Term Incentive	UN	United Nations
E&BI	Ethics and Business Integrity	M&A	Merger and Acquisitions	UNGC	United Nations Global Compact
EFPIA	European Federation of Pharmaceutical Industry Association	MEDEF	Mouvement des Entreprises de France	UN SDG	United Nations Sustainable Development Goals
EM	Emerging Markets	MIT	Massachusetts Institute of Technology	US	United States of America
EPP	Established Prescription Products	MS	Multiple Sclerosis	VP	Vice-President
EU	European Union	MSA	Medical and Scientific Associations	WHO	World Health Organization
FDA	Food and Drug Administration				
GAVI	Global Alliance for Vaccine and Immunization				

3Rs principles : Replacement, Reduction, and Refinement principles of animal use



## Forward-Looking Statements

This Integrated Report contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans" and similar expressions. Although Sanofi's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanofi, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding

whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of such product candidates, the absence of guarantee that the product candidates if approved will be commercially successful, the future approval and commercial success of therapeutic alternatives, Sanofi's ability to benefit from external growth opportunities and/or obtain regulatory clearances, risks associated with intellectual property and any related pending or future litigation and the ultimate outcome of such litigation, trends in exchange rates and prevailing interest rates, volatile economic conditions, the impact of cost containment initiatives and subsequent changes thereto, the average number of shares outstanding as well as those discussed or identified in the public filings with the SEC and the AMF made by Sanofi, including those listed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in Sanofi's Annual Report on Form 20-F for the year ended December 31, 2016. Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.

# Appendices



## GRI-G4 content index

General standard disclosures	Page/Location of the information	External assurance	Disclosure
<b>Strategy and analysis</b>			
G4-1	On this report p. 5		Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.
<b>Organizational profile</b>			
G4-3	Front cover		Report the name of the organization.
G4-4	On this report p. 2, p. 9		Report the primary brands, products, and services.
G4-5	Back cover		Report the location of the organization's headquarters.
G4-6	On this report p. 2, p. 3		Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.
G4-7	2016 Form 20-F - Item 4.A History and Development of the Company		Report the nature of ownership and legal form.
G4-8	On this report p. 3, p. 10, p. 11, p. 12, p. 13 2016 Form 20-F - Item 4.B Business Overview		Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).
G4-9	On this report p. 9 2016 Form 20-F - Item 4.C Organizational Structure and 4.D Property, Plant and Equipment		Report the scale of the organization.
G4-10	2016 Chapter 4 <i>Document de référence</i> - Section 4.1.1 Employment CSR Indicators table and Auditor's report Factsheet		Report the total workforce by employment type, contract, region, gender.
G4-11	2016 Chapter 4 <i>Document de référence</i> - Section 4.1.3 Social Dialogue CSR Indicators table and Auditor's report Factsheet		Report the percentage of total employees covered by collective bargaining agreements.
G4-12	On this report p. 8, p. 20, p. 34		Describe the organization's supply chain.
G4-13	On this report p. 9, p. 24		Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.
G4-14	On this report p. 19, p. 32, p. 33		Report whether and how the precautionary approach or principle is addressed by the organization.
G4-15	On this report p. 2, p. 17, p. 32, p. 33, p. 37, p. 38, p. 42, p. 45, p. 46, p. 49		List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.
G4-16	On this report p22, p33, p36, p48		List memberships of associations (such as industry associations) and national or international advocacy organizations.
<b>Identified material aspects and boundaries</b>			
G4-17	2016 Form 20-F - F105 to F109		List all entities included in the organization's consolidated financial statements or equivalent documents.
G4-18	On this report p. 1, p. 16, p. 22, p. 54		Explain the process for defining the report content and the Aspect Boundaries.
G4-19	On this report p. 15, p. 16, p. 22, p. 48		List all the material Aspects identified in the process for defining report content.
G4-20	On this report p. 15, p. 16, p. 22 CSR Indicators table and Auditor's Report Factsheet		For each material Aspect, report the Aspect Boundary within the organization.
G4-21	On this report p. 15, p. 16, p. 22 CSR Indicators table and Auditor's Report Factsheet		For each material Aspect, report the Aspect Boundary outside the organization.

G4-22	CSR Indicators table and Auditor's Report Factsheet		Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.
G4-23	On this report p. 12 CSR Indicators table and Auditor's Report Factsheet		Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.

### Stakeholder engagement

G4-24	On this report p. 16, p. 22, p. 33, p. 36, p. 42, p. 48		Provide a list of stakeholder groups engaged by the organization.
G4-25	On this report p. 15, p. 22, p. 31, p. 48		Report the basis for identification and selection of stakeholders with whom to engage.
G4-26	On this report p. 15, p. 16, p. 22, p. 31, p. 48		Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.
G4-27	On this report p. 15, p. 16, p. 22, p. 24, p. 31, p. 48		Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

### Report profile

G4-28	CSR Indicators table and Auditor's Report Factsheet		Reporting period (such as fiscal or calendar year) for information provided.
G4-29	2015		Date of most recent previous report (if any).
G4-30	Annually		Reporting cycle (such as annual, biennial).
G4-31	corporate-responsibility@sanofi.com		Provide the contact point for questions regarding the report or its contents.
G4-32	On this report p. 54		Report the 'in accordance' option the organization has chosen.
G4-33	CSR Indicators table and Auditor's Report Factsheet		Report the organization's policy and current practice with regard to seeking external assurance for the report.

### Governance

G4-34	On this report p. 18, p. 35		Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.
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### Ethics and integrity

G4-56	On this report p. 3, p. 16, p. 18, p. 22, p. 32, p. 33, p. 34, p. 35, p. 36, p. 38, p. 46, p. 50, p. 51		Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
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Specific standard disclosures	Page/Location of the information	Omissions	External assurance	Disclosure
<b>Category: economic</b>				
<b>Material aspect: indirect economic impacts</b>				
G4-DMA	On this report p. 39, p. 40, p. 42, p. 44, p. 48			Disclosures on management approach.
G4-EC7	On this report p. 39, p. 40, p. 42, p. 44, p. 48			Development and impact of infrastructure investments and services supported.
G4-EC8	On this report p. 39, p. 40, p. 42, p. 44, p. 48			Significant indirect economic impacts, including the extent of impacts.
<b>Material aspect: procurement practices</b>				
G4-DMA	On this report p. 34			Disclosures on management approach.
G4-EC9	On this report p. 34 2016 Chapter 4 <i>Document de référence</i> - Section 4.3.3 Subcontracting and Suppliers			Proportion of spending on local suppliers at significant locations of operation.

Specific standard disclosures	Page/Location of the information	Omissions	External assurance	Disclosure
<b>Category: environmental</b>				
<b>Material aspect: water</b>				
G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information			Disclosures on management approach.
G4-EN8	On this report p. 51 CSR Indicators table and Auditor's Report Factsheet		X	Total water withdrawal by source.
G4-EN9	On this report p. 51 CSR Indicators table and Auditor's Report Factsheet			Water sources significantly affected by withdrawal of water.
G4-EN10	On this report p. 51			Percentage and total volume of water recycled and reused.
<b>Material aspect: emissions</b>				
G4-DMA	On this report p. 50 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information			Disclosures on management approach.
G4-EN15	On this report p. 3, p. 50, p. 53 CSR Indicators table and Auditor's report Factsheet		X	Direct greenhouse gas (GHG) emissions (scope 1).
G4-EN16	On this report p. 3, p. 50, p. 53 CSR Indicators table and Auditor's report Factsheet		X	Energy indirect greenhouse gas (GHG) emissions (scope 2).
G4-EN17	On this report p. 50, p. 52, p. 53		X	Other indirect greenhouse gas (GHG) emissions (scope 3).
G4-EN18	On this report p. 50, p. 53			Greenhouse gas (GHG) emissions intensity.
G4-EN19	On this report p. 50			Reduction of greenhouse gas (GHG) emissions.
G4-EN20	On this report p. 50 CSR Indicators table and Auditor's report Factsheet			Emissions of ozone-depleting substances (ODS).
G4-EN21	On this report p. 50 CSR Indicators table and Auditor's report Factsheet		X	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions.
<b>Material aspect: effluents and waste</b>				
G4-DMA	On this report p. 51, p. 52 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information			Disclosures on management approach.
G4-EN22	On this report p. 51 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information CSR Indicators table and Auditor's Report Factsheet		X	Total water discharge by quality and destination.
G4-EN23	On this report p. 50, p. 52 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information CSR Indicators table and Auditor's Report Factsheet		X	Total weight of waste by type and disposal method.
G4-EN24	On this report p. 51			Total number and volume of significant spills.
G4-EN25	On this report p. 50, p. 52 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information			Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
G4-EN26	On this report p. 50, p. 51, p. 52 2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information CSR Indicators table and Auditor's Report Factsheet			Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.

Material aspect: products and services				
G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.2.3 Environmental information			Disclosures on management approach.
G4-EN27	On this report p. 50, p. 51, p. 52 CSR Indicators table and Auditor's Report Factsheet			Extent of impact mitigation of environmental impacts of products and services.
G4-EN28	On this report p. 52			Percentage of products sold and their packaging materials that are reclaimed by category.

Material aspect: supplier environmental assessment				
G4-DMA	On this report p. 34 2016 Chapter 4 <i>Document de référence</i> – Section 4.3.3 Subcontracting and suppliers			Disclosures on management approach.
G4-EN32	On this report p. 34 CSR Indicators table and Auditor's Report Factsheet			Percentage of new suppliers that were screened using environmental criteria.
G4-EN33	On this report p. 34			Significant actual and potential negative environmental impacts in the supply chain and actions taken.

Specific standard disclosures	Page/Location of the information	Omissions	External assurance	Disclosure
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#### Category social

#### Subcategory: labor practices and decent work

#### Material aspect: training and education

G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.1.4 Training and career development			Disclosures on management approach.
G4-LA9	CSR Indicators table and Auditor's Report Factsheet		X	Average hours of training per year per employee by gender, and by employee category.
G4-LA10	On this report p. 45, p. 46			Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
G4-LA11	On this report p. 46			Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

#### Material aspect: supplier assessment for labor practices

G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.3.3 Subcontracting and suppliers			Disclosures on management approach.
G4-LA14	On this report p. 34 CSR Indicators table and Auditor's Report Factsheet			Percentage of new suppliers that were screened using labor practices criteria.
G4-LA15	On this report p. 20, p. 34			Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.

#### Subcategory: human rights

#### Material aspect: supplier human rights assessment

G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.3.3 Subcontracting and suppliers			Disclosures on management approach.
G4-HR10	On this report p. 34 CSR Indicators table and Auditor's Report Factsheet			Percentage of new suppliers that were screened using human rights criteria.
G4-HR11	On this report p. 32, p. 34			Significant actual and potential negative human rights impacts in the supply chain and actions taken.

<b>Subcategory: society</b>				
<b>Material aspect: local communities</b>				
G4-DMA	On this report p. 16, p. 40, p. 42, p. 44			Disclosures on management approach.
G4-SO1	On this report p. 3, p. 16, p. 36, p. 39, p. 40, p. 42, p. 44, p. 48 CSR Indicators table and Auditor's Report Factsheet		X	Percentage of operations with implemented local community engagement, impact assessments, and development programs.
G4-SO2	CSR Indicators table and Auditor's Report Factsheet		X	Operations with significant actual and potential negative impacts on local communities.
<b>Material aspect: anti-corruption</b>				
G4-DMA	On this report p. 33 2016 Chapter 4 <i>Document de référence</i> – Section 4.3.4 Fair business practices			Disclosures on management approach.
G4-SO3	On this report p. 21		X	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.
G4-SO4	On this report p. 33 CSR Indicators table and Auditor's Report Factsheet			Communication and training on anti-corruption policies and procedures.
G4-SO5	2016 Form 20-F – Item 8			Confirmed incidents of corruption and actions taken.
<b>Material aspect: public policy</b>				
G4-DMA	On this report p. 36			Disclosures on management approach.
G4-SO6	On this report p. 33, p. 36		X	Total value of political contributions by country and recipient/beneficiary.
<b>Material aspect: anti-competitive behavior</b>				
G4-DMA	On this report p. 33 2016 Form 20-F – Item 8			Disclosures on management approach.
G4-SO7	On this report p. 33 2016 Form 20-F – Item 8			Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.
<b>Material aspect: compliance</b>				
G4-DMA	2016 Form 20-F – Item 8			Disclosures on management approach.
G4-SO8	2016 Form 20-F – Item 8			Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
<b>Material aspect: supplier assessment for impacts on society</b>				
G4-DMA	2016 Chapter 4 <i>Document de référence</i> – Section 4.3.3 Subcontracting and suppliers			Disclosures on management approach.
G4-SO9	On this report p. 34 CSR Indicators table and Auditor's Report Factsheet			Percentage of new suppliers that were screened using criteria for impacts on society.
G4-SO10	On this report p. 34			Significant actual and potential negative impacts on society in the supply chain and actions taken.
<b>Sub-category: product responsibility</b>				
<b>Material aspect: customer health and safety</b>				
G4-DMA	On this report p. 35, p. 37, p. 38			Disclosures on management approach.
G4-PR1	On this report p. 35, p. 37, p. 38			Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.
G4-PR2	On this report p. 35			Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.


**Material aspect: product and service labeling**

G4-DMA	On this report p. 37, p. 38 2016 Form 20-F - Item 8			Disclosures on management approach.
G4-PR3	On this report p. 37, p. 38			Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.
G4-PR4	2016 Form 20-F - Item 8			Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
G4-PR5	2016 Chapter 4 <i>Document de référence</i> - Section 4.3.2 Relation with stakeholders			Results of surveys measuring customer satisfaction.

**Material aspect: marketing communications**

G4-DMA	2016 Form 20-F - Item 8			Disclosures on management approach.
G4-PR7	2016 Form 20-F - Item 8			Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

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