

sanofi



# Governance 2022



# Current membership of the Board of Directors



*Frédéric Oudéa*

Non-voting Board member



*Paul Hudson*

CEO, Director



*Christophe Babule*

Director



*Rachel Duan*

Independent Director



*Carole Ferrand*

Independent Director



*Lise Kingo*

Independent Director



*Patrick Kron*

Independent Director



*Wolfgang Laux*

Director representing  
employees



*Barbara Lavernos*

Director



*Fabienne Lecorvaisier*

Independent Director



*Gilles Schnepf*

Independent Director



*Diane Souza*

Independent Director



*Thomas Südhof*

Independent Director



*Yann Tran*

Director representing  
employees



*Emile Voest*

Independent Director



*Antoine Yver*

Independent Director

# Directors movements

Director have left the Board  
effective AGM 2023



*Serge Weinberg*

New director appointment



*Frédéric Oudéa*

Independent Director

*French nationality,  
60 years old*

Competencies:

- Experience as a senior executive in an international group;
- Board membership in an international group; and
- Finance/Accounting expertise.

Frédéric Oudéa now non-executive Chairman of the Board

# An independent, experienced and diversified Board of Directors

## Post 2023 AGM, 16 directors

- Widely independent (11 out of 14<sup>(1)</sup>) and gender sensitive (43%<sup>(2)</sup>)
- International (7 non-French directors, i.e. 44%)
- 2 directors representing employees

## Continued implementation of its roadmap with a controlled and progressive renewal:

- Maintenance of key skills, particularly in science and finance
- Strengthening knowledge in management of international groups

- Expiration of the directorship of Serge Weinberg
- Appointment of Frédéric Oudéa as Director to take the succession of Serge Weinberg

# A dedicated and active Board of Directors

## An increased level of activity in 2022:

- 14 meetings, including 2 strategic seminars
- 2 *executive sessions*

## Activities related to:

- *Play to win* strategy
- Succession plan of the Chairman
- Situation in Ukraine
- Review and follow-up of acquisition projects
- Alliances (Innovent, IGM)
- Update on Digital
- CSR
- EUROAPI project

## Average attendance rate Board of Directors & Committees

**97.25%**

### Board of Directors

**95%**

### Committees

**99.5%**

## A formalized evaluation for continuous improvement

# Five specialized committees (year 2022)

1

## Audit Committee



- Chaired by **Fabienne Lecorvaisier**
- 4 financial experts
- 3 out of 4 independent members
- 7 meetings in 2022
- Review of annual, half-yearly and quarterly results
- Review of the main risks
- Update on digital, including cyber-security
- Update on the data protection compliance program
- New 2026 Ethics & Business Integrity strategy
- Review of the European Green Taxonomy indicators

**Attendance rate: 100%**

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## Compensation Committee



- Chaired by **Patrick Kron**
- 3 out of 4 independent members
- 3 meetings in 2022
- Update on components of the compensation of corporate officers
- Review of performance criteria applicable to the compensation of the Chief Executive Officer, in particular CSR
- Consideration of potential CSR criteria to be applied to equity-based compensation
- Compensation for the non-voting member
- Review of the draft resolutions to be submitted to the Annual General Meeting
- Update on the 2022 employee share ownership plan and consideration of the Action 2023 plan

**Attendance rate: 100%**

# Five specialized committees (year 2022) (cont'd)

## 3 Appointments, Governance and CSR Committee



- Chaired by **Gilles Schnepf**
- 3 out of 5 independent members
- 6 meetings in 2022
  
- Succession plan of the Chairman & implementation of the process for onboarding the future Chairman
- Board of Directors and Committees evaluation
- Governance roadshow campaign arranged for the main investors in Sanofi
- CSR :
  - Update on the four pillars of the CSR strategy
  - Update on extra-financial ratings

**Attendance rate: 97%**

## 4 Strategy Committee



- Chaired by **Serge Weinberg**
- 2 out of 4 independent members
- 4 meetings in 2022
  
- Opening of the next chapter in the *Play to Win* strategy
- Divestment and acquisition proposals, and business development priorities
- Report on the Bioverativ and Ablynx acquisitions
- Transfer to Regeneron of the exclusive license rights to Libtayo®
- Opportunities for alliances

**Attendance rate: 100%**

# Five specialized committees (year 2022) (cont'd)

## 5 Scientific Committee



- Chaired by **Thomas Südhof**
- 3 out of 4 independent members
- 6 meetings in 2022
- Third-party analysis of the development portfolio and its key assets
- Immunology and Inflammation
- Oncology
- Chemistry, manufacturing, and controls (CMC)
- Neurology
- Organization of R&D

**Attendance rate: 100%**

## 2 strategic seminars

- Preparing the 2<sup>nd</sup> phase of the *Play to Win* strategy
- Research platforms
- Use of data and AI in decision-making
- Leadership in immunology and inflammation
- Update on oncology and alliance strategies
- *Play to Win* culture within Sanofi
- Strategic planning and ambitions for each GBU
- Financial roadmap

**Attendance rate: 96.67%**



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Compensation  
policy

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# Compensation policy for Directors

- *Maximal annual amount of overall compensation*

- Proposal to increase the amount to 2,500,000€ with effect from 2023 financial year in order to be able to compensate the Directors in accordance with the approved compensation policy.
- Proposal justified mainly by the increasing number of board and committee meetings. In 2022, the maximal annual amount of overall compensation led to the inability for Sanofi to apply the compensation policy (i.e. reduction by ~15% of the compensation paid to each director).
- The compensation per meeting will remain unchanged.

# Compensation policy for the Chairman of the Board

- *Annual Fixed* compensation
  - No compensation for his mandate as director
  - No annual variable compensation
  - No incentive in shares
  - No compensation payable upon termination of office
  - No right to a supplementary pension
  - No exceptional compensation
  - Not subject to annual review
- *Compensation* for 2023
  - Compensation of Serge Weinberg for 2023 unchanged
  - Compensation for the future Chairman of the Board of Directors set by the Board at €880,000 gross with effect from May 26, 2023<sup>(1)</sup>

## Compensation elements of Serge Weinberg in 2022

	Amounts	Comments
Fixed compensation	€800,000	The fixed compensation is €800,000 (unchanged)
	€7,740	Company car with a driver.
<b>Total</b>	<b>€807,740</b>	

# Compensation policy for the Chief Executive Officer

- *Annual Fixed* compensation
- *Annual Variable* compensation
- *Equity-based* compensation
  - Performance shares  
(The CEO cannot be granted stock options)

- No compensation for his mandate as director
  - No exceptional compensation
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- Compensation *on leaving office*
  - Termination benefit in the event of forced departure
  - Supplementary defined contribution pension plan, subject to the fulfillment of a performance condition
  - Non-compete undertaking at the request of the Company

# Adjustments to the compensation policy for the Chief Executive Officer

- *Annual Variable* compensation:
  - Sanofi now discloses the content of the qualitative criteria
- *Variable Equity-based* compensation:
  - Integration of a measurable and material CSR criteria into performance share plans awarded in or after 2023 in order to link share-based compensation (long-term compensation) to the execution of the Group's CSR strategy
- *Clawback policy*:
  - Pursuant to Section 10D-1 of the Exchange Act, SEC regulations and NASDAQ listing rules, the Board of Directors will adopt in 2023 a clause allowing for the recovery of some or all of the components of the Chief Executive Officer's compensation that are wholly or partially contingent on the attainment of financial performance criteria based on erroneous financial information

# Compensation elements of Paul Hudson in 2022

	Amounts	Comments
Fixed compensation	€1,400,000	Annual fixed compensation (unchanged)
Variable compensation	€2,337,300 <sup>(1)</sup>	Annual variable compensation for 2022, paid in 2023
Performance shares	€6,967,950	Value of the performance shares granted in 2020 (allocation rate: 86.94%)
Supplementary pension plan	€467,162.50	Annual contribution up to 25% of compensation – submitted of the achievement of a performance condition
Benefits in kind	€13,497	Company car with a driver.

# Variable compensation of Paul Hudson in 2022

	Criterion	Weight	Attainment level
Financial objectives (50%)	Sales growth	10%	11.43%
	Business net income	10%	13.25%
	Free Cash Flow	10%	11.85%
	BOI margin	10%	10.2%
	Growth in new key assets	10%	10.9%
Individual objectives (50%)	Business transformation	15%	15.07%
	People & Culture	7.5%	7.35%
	CSR	15%	16.5%
	Development pipeline	12.5%	14.75%
		<b>100%</b>	<b>111.3%</b>

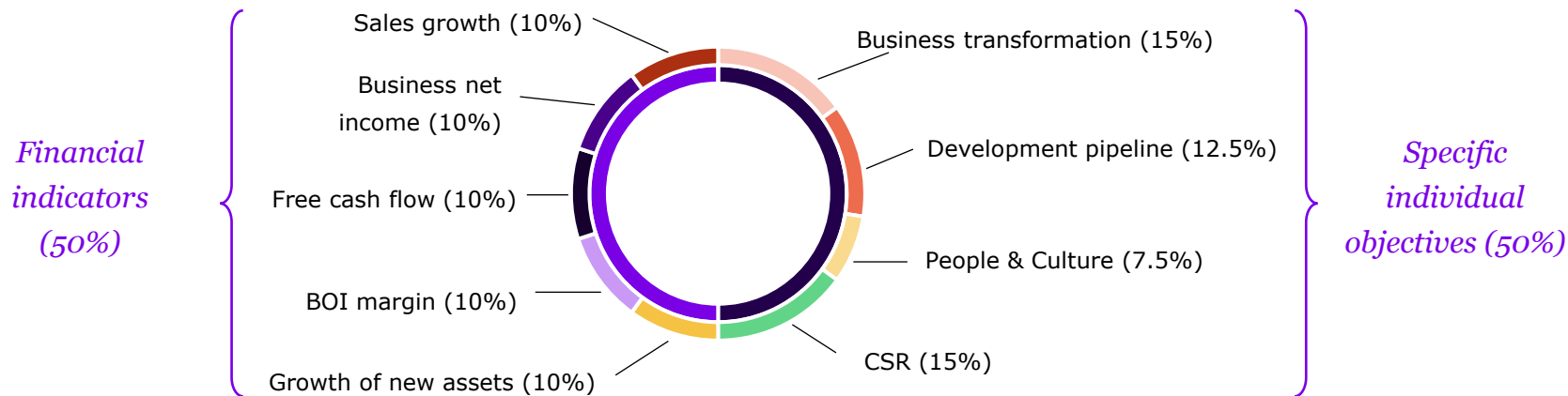
Target bonus: €2,100,000 (150% of the fixed compensation)

2022 bonus: €2,337,300 (111.3% of the target bonus)

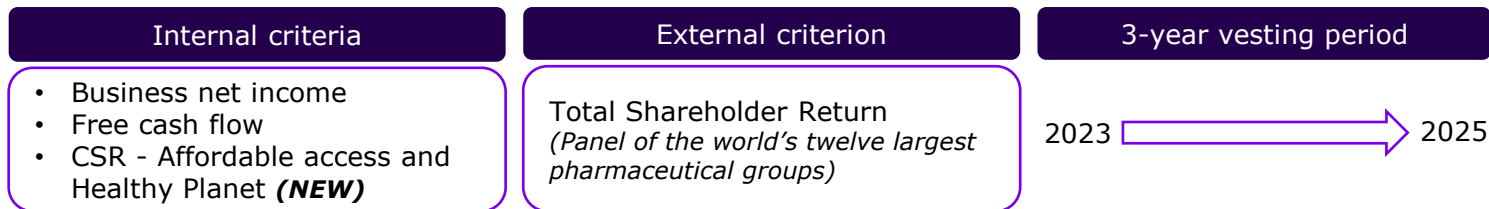


# Compensation elements of Paul Hudson in 2023

- Gross annual fixed compensation set at €1,400,000 (*unchanged*)
- Variable compensation in a range between 0% and 250% of the fixed compensation, with a target of 150%, subject to both quantitative and qualitative criteria



- Grant of 82,500 performance shares



# Paul Hudson's variable compensation for 2022 – CSR assessment



	Type	Weight	Target/ maximum	Attainment level	Comments	Pay out		
CSR	Further reinforce and expand on the CSR agenda	Quantitative/ Qualitative	15%	22.5%/ 37.5%	110.0%	<ul style="list-style-type: none"> <li>• CO2 emissions reduced by 3.8% above target (Scopes 1&amp;2) (quantitative)</li> <li>• Leaders to citizens launched with completion of eLearning by senior leaders (quantitative)</li> <li>• Successful launch of the Global Health Unit (GHU) in July 2022: Launch of non-profit impact brand for 30 medicines in low-income countries, first concrete investment in Dec 2022</li> <li>• Reached 185K patients with Non-Communicable Diseases (NCDs) over target (quantitative)</li> </ul>	24.75%	
	Image and Reputation & Compliance							<ul style="list-style-type: none"> <li>• Successful launch of Sanofi's ambition, purpose and brand identity (adoption of a single company ambition and a unifying purpose for all 4 GBUs, adoption of a single brand integrating Genzyme and Pasteur under One Sanofi)</li> </ul>
	Compliance / Ethics & Business Integrity							<ul style="list-style-type: none"> <li>• Development of the new Code of Conduct</li> </ul>