NOTICE OF MEETING

GENERAL MEETING

2018

Wednesday May 2, 2018
at 2:30 p.m. (CET)
at the Palais des Congrès
2, place de la Porte Maillot
75017 Paris – France

SANOFI

Empowering Life

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SANOFI

Société anonyme with share capital of €2,506,080,598
Registered Office: 54, rue La Boétie – 75008 Paris – France
Registered No. 395 030 844 R.C.S. Paris

NOTES

The Chairman of the Board of Directors

Paris, April 9, 2018

Dear Shareholder,

Our Annual General Meeting is an ideal opportunity for us to inform you and talk to you, and to give you an account of our operations and financial results.

I sincerely hope you will be able to attend. The time and place of the meeting are as follows:

COMBINED GENERAL MEETING

WEDNESDAY MAY 2, 2018 AT 2.30 P.M. (CET)
AT THE PALAIS DES CONGRÈS
2, PLACE DE LA PORTE MAILLOT – 75017 PARIS – FRANCE

This notice contains all the practical information and guidance needed for you to participate in the meeting. If you are unable to attend in person, you are nonetheless able to vote:

- by post or online;
- by appointing a proxy to represent you; or
- by appointing the Chairman to vote as your proxy.

On behalf of the Board of Directors, I would like to thank you for the confidence you have shown in Sanofi, and trust that you will give careful consideration to the resolutions submitted for your approval.

Serge Weinberg
Chairman of the Board of Directors

This notice, and an access plan of the meeting venue, are available on our website (*www.sanofi.com/AGM2018*)

HOW TO PARTICIPATE IN THE MEETING

FULL INFORMATION ABOUT THE MEETING ON MAY 2, 2018 IS AVAILABLE ON OUR WEBSITE: www.sanofi.com/AGM2018

2018 Annual General Meeting

Sanofi shareholders are hereby given notice that the Annual General Meeting, combining ordinary and extraordinary business, will be held on **Wednesday May 2, 2018 at 2.30 p.m. (CET) at the Palais des Congrès – 2, place de la Porte Maillot – 75017 Paris – France.** The meeting will deliberate on the agenda and resolutions contained in the present notice of meeting.

Pre-conditions for participating in the meeting

In accordance with Article R. 225-85 of the French Commercial Code all shareholders will be admitted to the meeting regardless of the number of shares they own, provided that their credentials can be established by their shares being registered in their name, or in the name of the intermediary registered to act on their behalf, at midnight (CET) on the second business day before the meeting, i.e. at **midnight (CET) on Friday April 27, 2018**:

- **Registered** shares:

Must be registered in the registered share accounts kept by BNP Paribas Securities Services.

- **Bearer** shares:

Must be registered in the securities account kept by your accredited banking or financial intermediary.

Registration of bearer shares in the account kept by your accredited banking or financial intermediary must be evidenced by a shareholding certificate (*attestation de participation*) issued by the intermediary and attached to:

- your postal voting form; or
- your proxy form; or
- a request for an admission card, prepared in your own name as a shareholder or on your behalf if your accredited intermediary is acting for you.

You can be represented at the Annual General Meeting by any physical person or legal entity of your choice (Article L. 225-106 of the French Commercial Code).

How to participate in the meeting

We offer you a number of options. You can request an admission card, vote remotely, or go online to give a proxy vote to the Chairman or to any physical person or legal entity of your choice in advance of the Annual General Meeting.

You can also vote online in advance of the meeting using the secure dedicated VOTACCESS platform.

You can access this platform via Planetshares, Planetshares – My Proxy, or via your accredited intermediary's website. The site will be open from **April 9, 2018 until 3 p.m. (CET) on April 30, 2018**. However, to avoid overloading VOTACCESS we recommend that you do not wait until the last minute before voting.

If you decide to vote online, do not fill in or send back the paper voting form.

I. To attend the meeting in person:

1. Request an admission card using the paper form:

- If you hold **registered shares** or **units in a dedicated employee share ownership fund (FCPE)**: request an admission card by sending the voting form (which is attached to this notice) to BNP Paribas Securities Services – CTS Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.
- If you hold **bearer shares:** ask the financial intermediary managing your account to arrange for an admission card to be sent to you.

  Do NOT send your request for an admission card directly to Sanofi.

2. Request an admission card online:

- If you hold **registered shares**: request your admission card on VOTACCESS via the Planetshares site at ***http://planetshares.bnpparibas.com***:
  - for **fully registered shares:** with your usual access codes;
  - for **administered registered shares:** with the login shown in the top right hand corner of the paper voting form attached to your notice of meeting.

  Once logged on, follow the on-screen instructions to access VOTACCESS and request your admission card.
- If you hold **units in an FCPE:** request your admission card on VOTACCESS via the Planetshares – My Proxy site (***http://gisproxy.bnpparibas.com/sanofi.pg***), using:
  - the login number shown in the top right hand corner of your paper voting form; and
  - your identification information: this is your Natixis Interépargne employee account number, as shown on the bottom right-hand corner of your Natixis account statements.

  Once logged on, follow the on-screen instructions to access VOTACCESS and request your admission card.

If you have lost or forgotten your login and/or password, call the dedicated hotline at 00 33 1 40 14 80 40

- If you hold **bearer shares:** ask your accredited intermediary whether they are connected to VOTACCESS and if so, whether that access is subject to specific conditions of use.

  If your accredited intermediary is connected to VOTACCESS, log on to your intermediary's website with your usual access codes. Then click on the icon that appears on the line showing your Sanofi shares and follow the on-screen instructions to access VOTACCESS and request your admission card.

II. To vote remotely, or give a proxy to the Chairman or be represented by a proxy at the meeting:

1. Using the paper form:

- If you hold **registered shares** or **units in an FCPE:** send the voting form (which is attached to this notice) to BNP Paribas Securities Services, CTS Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.
- If you hold **bearer shares:** ask your accredited intermediary to send you the voting form, on or after the date the notice of meeting is issued. You then need to send the form, accompanied by the shareholding certificate issued by your intermediary, to BNP Paribas Securities Services, CTS Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

  Your signed and completed voting form, or your proxy appointment or revocation, must be received by BNP Paribas Securities Services at least three calendar days before the meeting, i.e. by **28 April 2018**, or they will not count.

  Do NOT send your voting form directly to Sanofi.

2. Online:

- If you hold **registered shares**: access VOTACCESS via the Planetshares site at ***http://planetshares.bnpparibas.com***
  - for **fully registered shares:** with your usual access codes;
  - for **administered registered shares:** with the login shown on the top right hand corner of the paper voting form attached to your notice of meeting.

  Once logged on, access VOTACCESS by clicking on "*Take part to the General Meeting*".
- If you hold **units in an FCPE** and **registered shares**: log on to Planetshares using your usual access codes. This enables you to vote your units in the FCPE and your registered shares, in each case using the number shown in the top right-hand corner of your paper voting form. Once logged on, you can access VOTACCESS:
  - for your registered shares**:** click on "*Take part in the vote*";
  - for your FCPE units**:** click on "*Take part to the General Meeting for your FCPE units*".

You will then be redirected to VOTACCESS, where you can follow the on-screen instructions to vote, or to appoint or revoke a proxy.

If you have lost or forgotten your login and/or password, call the dedicated hotline at 00 33 1 40 14 80 40

- If you hold **bearer shares:** ask your accredited intermediary whether they are connected to VOTACCESS and if so, whether that access is subject to specific conditions of use.
  - If your accredited intermediary is connected to VOTACCESS, log on to your intermediary's website with your usual access codes. Then click on the icon that appears on the line showing your Sanofi shares and follow the on-screen instructions to access VOTACCESS and vote, or to appoint or revoke a proxy.
  - If your accredited intermediary is not connected to VOTACCESS, you can appoint or revoke a proxy electronically by sending an e-mail to ***paris.bp2s.france.cts.mandats.sanofi@bnpparibas.com***

    Your e-mail must contain the following information: the name of the company (Sanofi); your surname and first name; your address and bank account details; and the surname, first name and (if possible) address of the proxy you wish to appoint. You must also ask your accredited intermediary to send written confirmation of your request to BNP Paribas Securities Services – CTS Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

    Only use this e-mail address to appoint or revoke a proxy. Any other requests or notifications on any other subject sent to this e-mail address will be ignored.

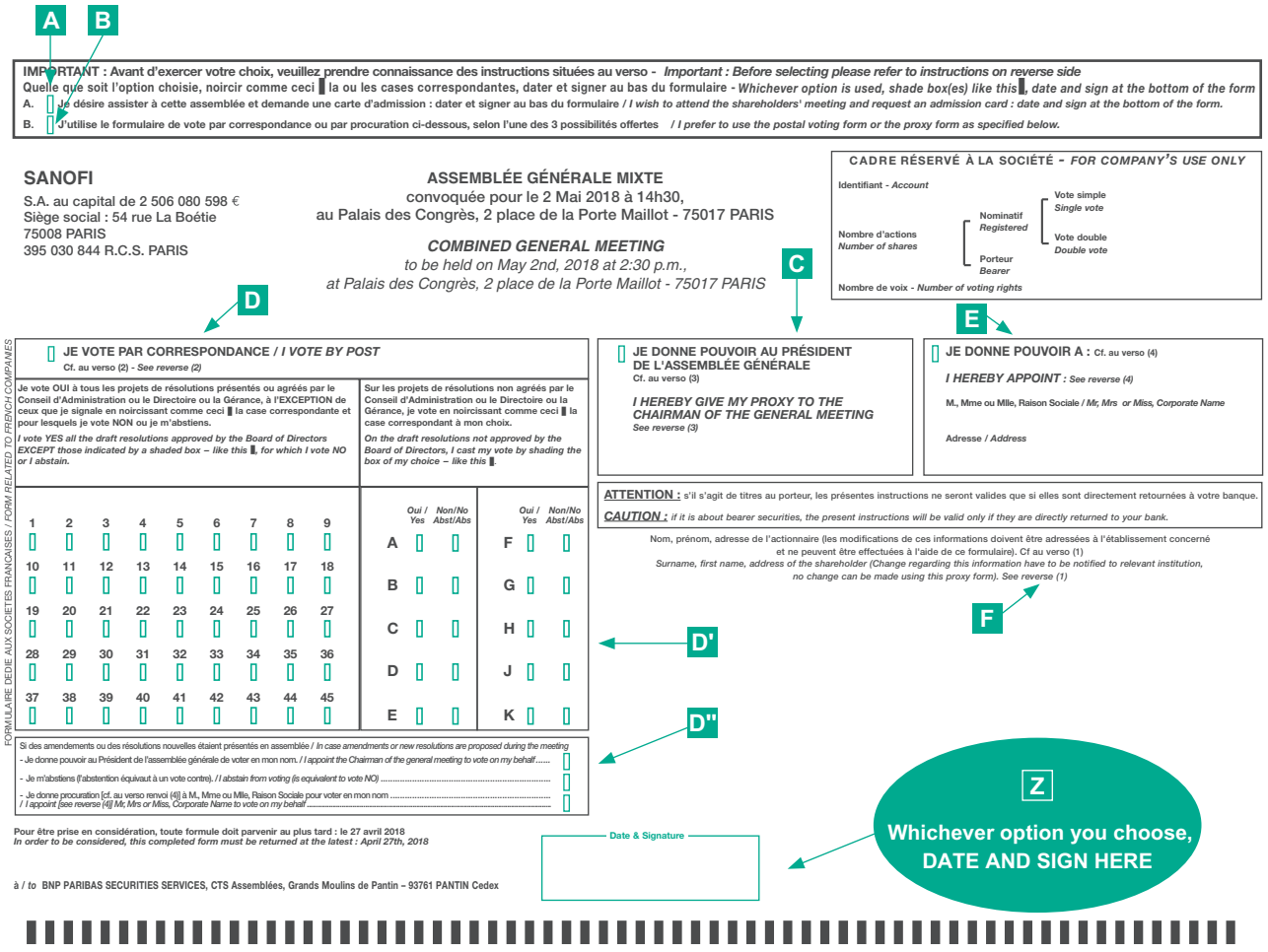
For your proxy appointment or revocation to be taken into account, your confirmation must be received by BNP Paribas Securities Services **at the latest on April 30, 2018 at 3 p.m. (CET)**.

If you have already voted by post or online, or have already sent in a proxy or requested an admission card or a shareholding certificate, you cannot then use an alternative method to participate in the meeting.

If you hold Sanofi shares in more than one form (registered, bearer or via units in an FCPE), you will have to vote separately for each form in which you hold shares if you wish to exercise all your voting rights.

HOW TO COMPLETE YOUR VOTING FORM

How to complete your voting form



Please return this form using the enclosed pre-paid envelope no later than 3 days before the date of the Annual General Meeting, i.e. by Saturday April 28, 2018 at 3 p.m. (CET).

For further information about Sanofi or your participation in the meeting, contact us:

- **by telephone:** BNP Paribas Securities Services: 00 33 1 40 14 80 40
- **by post**: Sanofi, Shareholder Relations Department – 54, rue La Boétie – 75008 Paris – France
- **by e-mail**: *relations-actionnaires@sanofi.com*

A If you want to attend the meeting in person:

- Shade box **A**;
- Date and sign box **Z** at the bottom of the form.

B If you cannot attend the meeting in person and want to vote by post or by proxy:

- Shade box **B**;
- Choose one (and only one) of the three options;
- Date and sign box **Z** at the bottom of the form.

C If you want to give your proxy to the Chairman of the Meeting:

- Shade box **B**;
- Shade box **C** "I hereby give my proxy to the Chairman of the General Meeting";
- Date and sign box **Z** at the bottom of the form.

D If you want to vote by post:

- Shade box **B**;
- Shade box **D** "I vote by post":
  - The numbered boxes correspond to the numbered resolutions as proposed or approved by the Board and reproduced in this Notice of Meeting.
  - To vote **YES** to the resolutions, **leave the corresponding boxes blank.**
  - To vote **NO** or abstain (which counts as a "no" vote) on any of the resolutions, shade the corresponding box.
- Date and sign box **Z** at the bottom of the form.

D' This box is used only to vote on resolutions submitted by shareholders and not approved by the Board:

To vote, shade the relevant box ("Yes" or "No").

D" This box is used for amendments or new resolutions submitted during the meeting:

To vote, shade the box for whichever option you choose.

E If you want to appoint a physical person or legal entity of your choice to act as your proxy:

- Shade box **B**;
- Shade box **E** "I hereby appoint";
- Indicate in box **E** the name and first name (or corporate name) and address of your proxy;
- Date and sign box **Z** at the bottom of the form.

F Give your surname, first name and address:

- If this information is pre-printed on your form, please check it and correct it if necessary;
- If the person signing the form is not the shareholder, he/she must give his/her surname, first name and address, and indicate the capacity in which he/she is signing (e.g. trustee, guardian, etc).

Z All shareholders must date and sign this box.

AGENDA

Ordinary business

- Approval of the individual company financial statements for the year ended December 31, 2017 (1st resolution)
- Approval of the consolidated financial statements for the year ended December 31, 2017 (2nd resolution)
- Appropriation of profits for the year ended December 31, 2017 and declaration of dividend (3rd resolution)
- Reappointment of Olivier Brandicourt as a Director (4th resolution)
- Reappointment of Patrick Kron as a Director (5th resolution)
- Reappointment of Christian Mulliez as a Director (6th resolution)
- Appointment of Emmanuel Babeau as a Director (7th resolution)
- Compensation policy for the Chairman of the Board of Directors (8th resolution)
- Compensation policy for the Chief Executive Officer (9th resolution)
- Approval of the payment, in respect of the year ended December 31, 2017, and of the award, of fixed, variable and exceptional components of the total compensation and benefits of whatever kind to Serge Weinberg, Chairman of the Board of Directors (10th resolution)
- Approval of the payment, in respect of the year ended December 31, 2017, and of the award, of fixed, variable and exceptional components of the total compensation and benefits of whatever kind to Olivier Brandicourt, Chief Executive Officer (11th resolution)
- Reappointment of Ernst & Young et Autres as a Statutory Auditor (12th resolution)
- Authorization to the Board of Directors to carry out transactions in the Company's shares (except during public tender offers) (13th resolution)

Extraordinary business

- Amendments to Articles 11 and 12 of the Articles of Association (14th resolution)

Ordinary and extraordinary business

- Powers for formalities (15th resolution)

REPORT OF THE BOARD ON RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING

This text is a free translation from the French language and is supplied solely for information purposes. Only the original version in the French language has legal force.

This report describes the proposed resolutions that are being submitted to the meeting by the Board of Directors of your Company. It consists of an introduction, a summary table of financial authorizations, and a glossary. The objective of this report is to draw your attention to the important points in the resolutions, in accordance with the relevant laws and regulations and with best practice in corporate governance as recommended for companies listed in Paris. It is essential that you read the proposed resolutions carefully and in full before exercising your vote.

I – Ordinary business

The first three resolutions concern the approval of the annual financial statements of the Company, the appropriation of distributable profits, and the declaration of the dividend.

APPROVAL OF THE FINANCIAL STATEMENTS

(1st and 2nd resolutions)

Acting on a recommendation from the Audit Committee, the Board of Directors proposes that you approve the individual company financial statements, showing a profit of €4,287,609,255.72, and the consolidated financial statements, for the year ended December 31, 2017.

A detailed account of Sanofi's results of operations in the year ended December 31, 2017 is found in the 2017 annual report published by the Company.

APPROPRIATION OF PROFITS, DECLARATION OF DIVIDEND

(3rd resolution)

Acting on a recommendation from the Audit Committee, the Board of Directors proposes that you approve payment of a dividend of €3.03 per share, representing a payout ratio of 54.7% of business earnings per share(1).

For the three preceding years, the dividend per share amounted to:

2014	2015	2016
€2.85	€2.93	€2.96

If the General Meeting approves our proposal, the ex-dividend date will be May 11, 2018 and the dividend will be paid on May 15, 2018.

The proposed dividend will not be subject to the former 3% additional corporate tax levy, which was repealed by French law no. 2017-1837 on December 30, 2017.

REAPPOINTMENT OF DIRECTORS AND APPOINTMENT OF A NEW DIRECTOR

(4th to 7th resolutions)

As of December 31, 2017 the Board of Directors had 16 members, including 11 who are deemed independent and two directors representing employees.

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and the composition of its Committees. In particular, the Board seeks to ensure gender balance and a broad diversity of competencies and countries of origin and international experience, reflecting our status as a diversified global business. The Board investigates and evaluates not only potential candidates, but also whether existing directors should seek reappointment. Above all, the Board seeks directors who show independence of mind and are competent, dedicated and committed, with compatible and complementary personalities.

In looking for a new nominee, the Board takes into account its current and target composition in order to identify the qualities that would best maintain or improve the balance of the Board. The Chairman of the Appointments and Governance Committee conducts a search based on the

(1) For a definition, see "Item 5. Operating and Financial Review and Prospects – A.1.5. Segment information – 3/ Business Net Income" of our Annual Report on Form 20-F.

target profile, with the assistance of a specialist recruitment consultant. The Appointments and Governance Committee compiles a short-list of candidates based on this search, and the short-listed candidates hold exploratory meetings with several members of the Appointments and Governance Committee before the Committee formulates its recommendations to the Board as to which candidates are the best fit with the needs and preferences expressed by the Board.

Directorships at your Company are for a term of four years, which the Board believes is an appropriate length of commitment to request of a person aspiring to be a director. We emphasize that under French law directors may be summarily removed from office by the shareholders, so that neither the term of office nor the staggered renewal dates can serve as anti-takeover devices. In line with the recommendations of the AFEP-MEDEF Code, since 2008 our directors' terms of office have been staggered so that only a proportion of the directorships are renewed each year, ensuring stability and continuity. Your Board reserves the right occasionally to propose shorter terms for one or more directors to ensure that there are not too many renewals in any one year.

The terms of office of Olivier Brandicourt, Robert Castaigne, Patrick Kron and Christian Mulliez are due to expire at the close of the present General Meeting.

Having reached the age of 70, Robert Castaigne will not be proposed for reappointment. That decision has been taken pursuant to an internal rule whereby a director cannot be appointed or reappointed once he or she has reached the age of 70. We are proposing that you formalize that rule in the Articles of Association (14th resolution).

Acting on a recommendation from the Appointments and Governance Committee, your Board of Directors proposes that you reappoint Olivier Brandicourt, Patrick Kron and Christian Mulliez as directors for a four-year term.

Before submitting these reappointments for your approval, your Board of Directors has made sure that Patrick Kron and Christian Mulliez will be available to fulfill their duties and do not hold an excessive number of directorships. The nominees have had exemplary attendance rates during their current term of office:

	Attendance at Board meetings	Attendance at Committee meetings	Overall attendance
Olivier Brandicourt	100%	100%	100%
Patrick Kron	100%	98%	99%
Christian Mulliez	93%	88%	90%

The Board also assessed their respective contributions to the work of the Board and of the Committees to which they belong, and decided that keeping them as directors was in the interests of your Company and consistent with the target composition of the Board as identified in the process described above.

As regards the Board's roadmap on its future composition, the Board wishes to maintain the current balance. To this end, you are asked to approve the appointment of a candidate with high-level financial and accounting expertise and experience of senior management roles in international groups.

Emmanuel Babeau has been Deputy Chief Executive Officer and Chief Financial Officer of Schneider Electric since April 2013. He joined Schneider Electric in 2009 as Chief Financial Officer. Before joining Schneider Electric, he was Chief Financial Officer of Pernod Ricard SA from 2003 to 2009. He graduated from the *Ecole supérieure de commerce de Paris* (*ESCP*) in 1989, and also holds a post-graduate diploma in finance and accounting (DESCF).

Full biographies of each nominee for appointment or reappointment can be found in the present notice of meeting.

At the close of the present General Meeting, assuming the adoption of the 4th to 7th resolutions, the composition of the Board of Directors will therefore be as follows (expiry of term of office in brackets):

- Serge Weinberg, Chairman of the Board (2019), independent director;
- Olivier Brandicourt, Chief Executive Officer (2022);
- Laurent Attal (2020);

- Emmanuel Babeau (2022), independent director;
- Bernard Charlès (2021), independent director;
- Claudie Haigneré (2020), independent director;
- Patrick Kron (2022), independent director;
- Fabienne Lecorvaisier (2021), independent director;
- Melanie Lee (2021), independent director;
- Suet-Fern Lee (2019), independent director;
- Christian Mulliez (2022);
- Marion Palme (2021), director representing employees;
- Carole Piwnica (2020), independent director;
- Christian Senectaire (2021), director representing employees;
- Diane Souza (2020), independent director; and
- Thomas Südhof (2020), independent director.

In compliance with the AFEP-MEDEF Code and acting on the recommendations of the Appointments and Governance Committee, the Board of Directors performed a further review of director independence at its meeting of March 6, 2018. Based on this review and assuming that the 4th to 7th resolutions are adopted, the number of directors (16), the proportion of independent directors (79%) and the proportion of female directors (44%), calculated in accordance with the applicable rules, would be unchanged following the Annual General Meeting.

COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

(8th to 11th resolutions)

Separation of the Offices of Chairman and Chief Executive Officer

Since January 1, 2007, Sanofi has separated the offices of Chairman and Chief Executive Officer. Successive annual evaluations conducted since that date have indicated that this governance structure is appropriate to Sanofi's current configuration. This arrangement was maintained with the appointment of Serge Weinberg to the office of Chairman firstly on May 17, 2010, then on May 6, 2011 and again on May 4, 2015. The Board of Directors regards this governance structure as appropriate in our current context.

The **Chairman** organizes and directs the work of the Board, and is responsible for ensuring the proper functioning of the corporate decision-making bodies in compliance with good governance principles. The Chairman coordinates the work of the Board of Directors with that of its Committees. He ensures that the Company's management bodies function properly, and in particular that the directors are able to fulfil their duties. The Chairman is accountable to the Shareholders' General Meeting, which he chairs.

The **Chief Executive Officer** manages the Company, and represents the Company in dealings with third parties within the limit of the corporate purpose. The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company, subject to the powers that are attributed by law to the Board of Directors and to the Shareholders' General Meeting and within the limits set by the Board of Directors.

Compensation Committee predominantly composed of independent directors

The compensation policy for corporate officers is established by the Board of Directors upon the recommendation of the Compensation Committee.

As of December 31, 2017, this Committee comprised:

- Patrick Kron, Chairman;
- Claudie Haigneré;
- Christian Mulliez; and
- Diane Souza.

Of the four members of the Compensation Committee, three are deemed to be independent: Patrick Kron, Claudie Haigneré and Diane Souza.

The Compensation Committee met three times in 2017. The Committee members have a good attendance record, with an overall attendance rate of 100%.

When the Committee discusses the compensation policy for members of senior management who are not corporate officers, i.e. members of the Executive Committee, the Committee invites the CEO to attend.

In 2017, the main activities of the Compensation Committee related to:

- fixed and variable compensation of executive officers (Chief Executive Officer and Chairman of the Board);
- the 2016 and 2017 fixed and variable compensation of the members of the Executive Committee;
- setting the amount of directors' attendance fees for 2016, reviewing the expenses of corporate officers for 2016, and principles for allocating directors' attendance fees for 2017;
- review of the governance chapter of the 2016 French-language *Document de Référence*, which contains disclosures about compensation;

- implementation of the equity-based compensation policy, including both stock options and performance shares, which was discussed at more than one meeting largely because of the need to review termination clauses;
- review of draft "say on pay" resolutions to be submitted to the shareholders in 2017, and renewal of the delegation of authority to the Board to award stock options and performance shares;
- launch of an employee share ownership plan in June 2017, follow-up report on implementation of the plan, and consideration of the next plan;
- update on changes in "say on pay" requirements in light of the "Sapin 2" law; and
- the top-up defined-benefit pension plan of the Chief Executive Officer.

The Committee did not use external consultants in 2017.

In the 8th and 9th resolutions, we propose that you approve the compensation policy for the Chairman of the Board and the Chief Executive Officer.

1. Compensation policy for executive officers

(8th and 9th resolutions)

This section describes the compensation policy for executive officers, as established pursuant to Article L. 225-37-2 of the French Commercial Code. It sets forth the principles and criteria used in determining, allocating and awarding the fixed, variable and exceptional components that collectively comprise the total compensation and benefits of whatever kind awarded to our executive officers in respect of the office they hold.

The payment and award in a given year of any variable and exceptional components of compensation as described below that may arise in respect of the previous year are contingent on approval by the shareholders in an Ordinary General Meeting of the compensation package of the executive officer in question, in accordance with Article L. 225-100 of the French Commercial Code.

That condition – which affects the Chief Executive Officer only, given that the compensation of the Chairman of the Board of Directors (when the two offices are separated) consists solely of fixed compensation and benefits in kind – applies in this case to the following components of compensation:

- annual variable compensation (established on the basis partly of quantitative criteria and partly of qualitative criteria);
- equity-based compensation (subject to fulfillment of performance conditions).

The compensation policy for executive officers is established by the Board of Directors, acting on the recommendation of the Compensation Committee. The members of that Committee, the majority of whom are independent directors, were chosen for their technical competencies and their good understanding of current standards, future developments and Sanofi's practices.

The Board of Directors applies the AFEP-MEDEF Code when determining the compensation and benefits awarded to our corporate officers and executive officers.

A. Compensation policy for the Chairman of the Board of Directors

The compensation policy for the Chairman of the Board of Directors is identical to that approved by the Annual General Meeting of Sanofi shareholders on May 10, 2017.

The compensation of the Chairman of the Board of Directors (where the office of Chairman is separate from that of Chief Executive Officer, as is currently the case) consists solely of fixed compensation and benefits in kind and excludes any variable compensation, any awards of stock options or performance shares, and any directors' attendance fees.

Where the office of Chairman is separate from that of Chief Executive Officer, as is currently the case, the Chairman of the Board is not entitled to the Sanofi top-up defined-benefit pension plan.

Nor is he entitled to a termination benefit or a non-compete indemnity.

Executive officers do not receive attendance fees in their capacity as directors. The Chairman of the Board does not receive attendance fees in his capacity as Chairman of the Board, Chairman of the Appointments and Governance Committee or Chairman of the Strategy Committee.

B. Compensation policy for the Chief Executive Officer

The compensation policy for the Chief Executive Officer is identical to that approved by the Annual General Meeting of Sanofi shareholders on May 10, 2017. Clarifications have nevertheless been given on:

- the composition of the benchmark panel used as a basis for comparison for the compensation of the Chief Executive Officer, which has been aligned on that used for TSR in our equity-based compensation plans;
- the performance conditions applicable to the pension entitlement of the Chief Executive Officer.

The compensation policy of the Chief Executive Officer is based on the same structures and principles as the general Sanofi compensation policy.

General principles

The Sanofi compensation policy seeks to be consistent with market and industry practice in order to provide competitive levels of compensation, create a strong link between company and individual performance, and maintain a balance between short term performance and medium-/long-term performance.

The compensation of the Chief Executive Officer is set by the Board of Directors acting on the recommendation of the Compensation Committee, with reference to compensation paid to the chief executive officers of the following ten leading global pharmaceutical companies: AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly and Company Inc., Johnson & Johnson Inc., GlaxoSmithKline plc, Merck Inc., Novartis AG, Pfizer Inc., and Roche Holding Ltd.

This panel comprises companies that are comparable to Sanofi.

Consistency with market practice is fundamental in order to attract and retain the talents necessary to our success. We also review the practices of the principal CAC 40 companies in order to reach a fair balance and to take into account our corporate interest, market practices, the performance of the Chief Executive Officer, and our other stakeholders.

Equity-based compensation is a critical tool for our worldwide attractiveness as an employer, and aims to align employee and shareholder interests and reinforce employees' ties to Sanofi.

Acting on the recommendation of the Compensation Committee, the Board of Directors determines the performance conditions attached to equity-based compensation for all beneficiaries at Sanofi and its subsidiaries worldwide, favoring the attainment of objectives based on our consolidated results and balance sheet. Our equity-based compensation plan rules are made available to our shareholders on the governance page of our website (www.sanofi.com) in the same form as that distributed to our employees.

Since 2011, the Board of Directors has substantially reworked our equity-based compensation policy to reinforce the link with long-term performance for all beneficiaries and to reduce potential dilution. As a result of very positive and encouraging shareholder feedback collected through corporate governance roadshows, contacts with governance professionals and the results of votes at Annual General Meetings, the Board decided to maintain this policy.

The current policy can generally be characterized by reduced dilution; diversified, multi-year performance conditions; increased transparency; and specific additional requirements for the Chief Executive Officer.

The policy requires that grants be primarily based on performance shares with only a limited number of high-level executives continuing to receive stock options.

Greater reliance on performance shares makes it possible to maintain a comparable level of employee incentivization while reducing the dilutive effect of equity-based compensation plans for existing shareholders. However, the Board of Directors continues to believe that due to their ratchet effect, options remain an appropriate component of the compensation of high level executives. The Board of Directors makes any grant of stock options or performance shares contingent on several distinct performance criteria in order to ensure that our equity-based compensation plans incentivize overall performance and do not encourage excessive risk taking. Failure to achieve these criteria over the entire performance measurement period results in a reduction or loss of the initial grant.

Grants are also contingent on the beneficiary's continued employment in the Sanofi group during the lock-up period (4 years for options, 3 years for performance shares, followed by further stringent lock-up obligations in the case of the Chief Executive Officer).

The exercise price of stock options is set by the Board, never incorporates a discount, and must be at least equal to the average of the quoted market prices on the 20 trading sessions preceding the date of grant by the Board.

The Board is not allowed to reset the terms of prior grants, for instance with easier performance conditions or a lower exercise price.

On taking up office

When the Chief Executive Officer is an outside appointment, the Board of Directors may decide, acting on a recommendation from the Compensation Committee, to compensate the appointee for some or all of the benefits he may have forfeited on leaving his previous employer. In such a case, the terms on which the Chief Executive Officer is hired aim to replicate the diversity of what was forfeited, with a comparable level of risk (variable portion, medium-term equity-based or cash compensation).

During the term of office

Compensation structure

Our policy aims at achieving and maintaining a balance in the compensation structure between fixed compensation, benefits in kind, short-term variable cash compensation, and medium-term variable equity-based compensation. The proportions of annual fixed and variable compensation are not subject to annual review. Compensation adjustments based on performance and market practice are effected primarily through equity-based compensation, which is medium-term and aims at aligning the interests of the Chief Executive Officer with those of our shareholders and stakeholders.

Our overall compensation policy is designed to motivate and reward performance by ensuring that a significant portion of compensation is contingent on the attainment of financial, operational and social criteria aligned with the corporate interest and with the creation of shareholder value. Variable cash compensation and equity-based compensation are the two principal levers for action.

Annual variable compensation

Annual variable compensation is in a range between 0% and 250% of fixed compensation, with a target of 150%. It is determined by reference to quantitative and qualitative criteria. The percentage of variable compensation linked to the attainment of quantitative criteria may be scaled down regardless of actual performance, in order to give greater weight to the attainment of qualitative criteria. This flexibility can only operate to reduce the amount of variable compensation, and cannot compensate for underperformance on quantitative criteria.

In accordance with Article L. 225-100 of the French Commercial Code, payment of annual variable compensation in a given year in respect of the previous year is contingent on a favorable shareholder vote at the Annual General Meeting.

Equity-based compensation

The Chief Executive Officer's equity-based compensation may not exceed 250% of his target short-term compensation (fixed plus variable). The valuation of stock options is calculated at the date of grant using the Black & Scholes method. The valuation of performance shares is also calculated at the date of grant, and represents the difference between the quoted market price of the share on the date of grant and the aggregate present value of the dividends to be received over the next three years. The parameters used to calculate the valuations are market parameters available in the financial press. The Chief Executive Officer's equity-based compensation is contingent upon attainment of the performance conditions.

In 2017, on the basis of the information published as of the date of this notice of meeting, the median fixed compensation of the chief executive officers of the aforementioned ten leading global pharmaceutical companies was in the region of €1,300,000, the median of the annual variable compensation was in the region of €2,200,000 and the median of the long-term compensation granted (whether in shares or in cash) represented around 800% of the fixed compensation.

Each grant to our Chief Executive Officer takes into account previous grants and his overall compensation.

In any event, the maximum number of exercisable options or shares to be delivered may not be more than the number of options initially granted or performance shares initially awarded.

Any award of equity-based compensation in a given year is contingent on a favorable shareholder vote at the Annual General Meeting.

Attendance fees

Executive officers do not receive attendance fees in their capacity as directors. Consequently, the Chief Executive Officer does not receive attendance fees in his capacity as a director or as a member of the Strategy Committee.

Exceptional compensation

No exceptional compensation can be awarded to the Chief Executive Officer.

- On leaving office

The Chief Executive Officer is entitled to a top-up defined-benefit pension plan, a termination benefit, and a non-compete indemnity. Each of those benefits is taken into account by the Board of Directors when fixing the overall compensation of the Chief Executive Officer.

Pension arrangements

The Chief Executive Officer is covered by a top-up defined-benefit pension plan falling within the scope of Article L. 137-11 of the French Social Security Code. The plan is offered to all employees of Sanofi and its French subsidiaries who meet the eligibility criteria specified in the plan rules. The plan, which remains open, was set up on October 1, 2008 as the final stage in the process of harmonizing the status of personnel across the French subsidiaries.

This top-up defined-benefit pension plan is offered to executives (as defined by AGIRC, a confederation of executive pension funds) of Sanofi and its French subsidiaries who meet the eligibility criteria specified in the plan rules; the benefit is contingent upon the plan member ending his or her career within the Sanofi group. The plan is reserved for executives with at least ten years of service whose annual base compensation has for ten calendar years (not necessarily consecutive) exceeded four times the French social security ceiling, and is wholly funded by the Company and outsourced to an insurance company.

The top-up pension, which may not exceed 37.50% (1.5% per year of service, capped at 25 years) of the reference compensation, is in the form of a life annuity, and is transferable as a survivor's pension. The annuity is based on the arithmetical average of the three highest years' average annual gross compensation paid during any three of the five years (not necessarily consecutive) preceding final cessation of employment. This reference compensation is capped at 60 times the French social security ceiling applicable in the year in which the pension is taken. In addition, vesting of new rights for the Chief Executive Officer has been subject to a performance condition since January 1, 2017.

The performance condition is applied on the following basis:

- if the level of attainment for variable compensation is equal to or greater than the target (i.e. 150% of fixed compensation), 100% of the contingent top-up pension rights will vest, corresponding to an uplift of 1.5% in the annual reference compensation used to calculate the annuity payable under the plan;
- if the level of attainment for variable compensation is less than 100% of fixed compensation, no top-up pension rights will vest for the year in question; and
- between those two limits, vested rights are calculated on a prorata basis.

Consequently, the annual uplift in contingent rights is capped at 1.5% of the annual reference compensation used to calculate the annuity payable under the plan, which is below the upper limit of 3% of annual reference compensation stipulated in Article L. 225-42-1 of the French Commercial Code.

The annuity supplements any other schemes for which the plan member may be eligible in France or abroad, subject to a cap on the total pension from all sources set at 52% of the reference compensation. If the total amount of the annuities paid under all such schemes were to exceed the 52% cap, the amount of the Sanofi top-up defined-benefit pension annuity would be reduced accordingly in order to respect that cap.

This retirement plan is subject to various charges and contributions within France: CSG, CRDS, CSAM, CASA, contributions of 7% and 14% on the annuity, and of 24% on the external funding.

The pension benefit is not cumulative with either the termination benefit or the non-compete indemnity.

Termination arrangements

The termination benefit only becomes payable if the departure of the Chief Executive Officer is forced, i.e. in the event of removal from office or resignation linked to a change in strategy or control of the Company. Compensation for non-renewal of the term of office is irrelevant in the case of the Chief Executive Officer, because this office is held for an indefinite term.

In addition, no termination benefit is payable in the following circumstances:

- in the event of removal from office for gross or serious misconduct (*faute grave ou lourde*);
- if the Chief Executive Officer elects to leave the Company to take up another position;
- if the Chief Executive Officer is assigned to another position within Sanofi;
- if the Chief Executive Officer takes his pension.

The amount of the termination benefit is capped at 24 months of the Chief Executive Officer's most recent total compensation on the basis of (i) the fixed compensation effective on the date of leaving office and (ii) the last variable compensation received prior to that date, subject to fulfilment of the performance criteria for the three financial years preceding the date of leaving office.

The amount of the termination benefit is reduced by any amount received as consideration for the non-compete undertaking, such that the aggregate amount of those two benefits may never exceed two years of total fixed and variable compensation.

Non-compete undertaking

In the event of his departure from the Company, the Chief Executive Officer undertakes, during the 12-month period following his departure, not to join a competitor of the Company as an employee or corporate officer, or to provide services to or cooperate with such a competitor.

In return for this undertaking, he receives an indemnity corresponding to one year's total compensation based on his fixed compensation on the date he ceases to hold office and the last individual variable compensation received prior to that date. This indemnity is payable in 12 monthly installments.

However, the Board of Directors reserves the right to release the Chief Executive Officer from the undertaking for some or all of that 12-month period. In such cases, the non-compete indemnity would not be due for the period of time waived by the Company.

- Consequences of the Chief Executive Officer's departure for equity-based compensation

If the Chief Executive Officer leaves the Company for reasons other than resignation or removal from office for gross or serious misconduct (in which case any award of equity-based compensation is forfeited), the overall allocation percentage will be prorated to reflect the amount of time the Chief Executive Officer remained with Sanofi during the vesting period.

If at any time prior to the expiration of (i) the period of validity of the options or (ii) the vesting period of the performance shares the Chief Executive Officer joins a competitor of Sanofi as an employee or corporate officer, or provides services to or cooperates with such a competitor, he irrevocably loses those options and performance shares regardless of any full or partial waiver by the Board of Directors of the non-compete undertaking relating to his office as Chief Executive Officer.

If the Chief Executive Officer retires at statutory retirement age prior to the expiration of (i) the period of validity of the options or (ii) the vesting period of the performance shares, he will retain entitlement to the options and performance shares initially awarded but will continue to be bound by the other terms of the plan, including performance conditions.

There is no acceleration clause in the event of a change of control.

Summary of benefits awarded to the Chief Executive Officer on leaving office

The table below presents a summary of the benefits (as described above) that could be claimed by the Chief Executive Officer on leaving office depending on the terms of his departure. The information provided in this summary is without prejudice to any decisions that may be made by the Board of Directors.

	Voluntary departure / Removal from office for gross or serious misconduct	**Forced departure**	**Retirement**
Termination benefit[a]	/	24 months of fixed compensation as of the date of leaving office + 24 months of most recent individual variable compensation received[d] – Amounts received as non-compete indemnity	/
Non-compete indemnity[b]	12 months of fixed compensation as of the date of leaving office + 12 months of most recent individual variable compensation received prior to leaving office	12 months of fixed compensation as of the date of leaving office + 12 months of most recent individual variable compensation received prior to leaving office	/
Top-up pension[c]	/	/	(Years of service x1.5%[e]) X 60x the French social security ceiling effective as of the retirement date
Stock option and performance shares not yet vested	Forfeited in full	Rights retained in prorata to period of employment within Sanofi[f]	Rights retained[f]

(a) The amount of the termination benefit is reduced by any amount received as consideration for the non-compete undertaking, such that the aggregate amount of those two benefits may never exceed two years of total fixed and variable compensation.

(b) The Board of Directors may decide to release the Chief Executive Officer from the non-compete undertaking for some or all of the 12-month period. In that case, the non-compete indemnity would not be due, or would be scaled down proportionately.

(c) In accordance with the Sanofi top-up defined-benefit pension plan rules dated October 1, 2008, amended on January 1, 2012, the top-up pension cannot exceed 37.50% (1.5% per year of service, capped at 25 years) of the reference compensation and supplements any other pension schemes for which the Chief Executive Officer may be eligible, subject to a cap on the total pension from all sources set at 52% of the reference compensation.

(d) Subject to fulfillment of two performance conditions, assessed over the three financial years preceding his ceasing to hold office: (i) the average of the ratios of business net income to net sales for each financial year must be at least 15%, and (ii) the average of the ratios of operating cash flow before changes in working capital to net sales for each financial year must be at least 18%.

(e) Subject to fulfillment of the performance condition, assessed for each year.

(f) In this case, the Chief Executive Officer remains subject to the terms of the plans, including the performance conditions.

2. Approval of the payment, in respect of the year ended December 31, 2017, and of the award, of fixed, variable and exceptional components of the total compensation and benefits of whatever kind to the executive officers

(10th and 11th resolutions)

In accordance with article L. 225-100 of the French Commercial Code (in the wording adopted further to Order No 2017-1162 of July 12, 2017, in implementation of the "Sapin 2" law), the components of the total compensation and benefits of whatever kind paid or awarded to the executive officers are subject to approval by a General Meeting of the shareholders. Those components and benefits comprise:

- the fixed portion;
- the annual variable portion, and the objectives used to determine the variable portion;
- stock options, performance shares and any other form of long-term compensation;
- the top-up pension plan; and
- any other benefits.

The components of variable and exceptional compensation mentioned above cannot be paid or awarded until after they have been approved by a General Meeting of the shareholders.

The 10th and 11th resolutions propose that you approve the payment, in respect of the year ended December 31, 2017, and the award, of the fixed, variable and exceptional components of the total compensation and benefits of whatever kind to the Chairman of the Board and the Chief Executive Officer.

a) Serge Weinberg (10th resolution)

Serge Weinberg has held the office of Chairman of the Board of Directors since May 17, 2010. He has never had, and does not currently have, a contract of employment with Sanofi.

The Chairman of the Board also chairs the Appointments and Governance Committee and the Strategy Committee.

In accordance with our Board Charter, the Chairman:

- in coordination with the Chief Executive Officer, liaises between the Board of Directors and the shareholders of the Company;
- is kept regularly informed by the Chief Executive Officer of significant events and situations affecting the affairs of the Company, and may request from the Chief Executive Officer any information useful to the Board of Directors;
- may, in close collaboration with the Chief Executive Officer, represent the Company in high-level dealings with governmental bodies and with key partners of the Company and/or of its subsidiaries, both nationally and internationally;
- seeks to prevent any conflict of interest and manages any situation that might give rise to a conflict of interest. He also gives rulings, in the name of the Board, on requests to take up external directorships of which he may become aware or that may be submitted to him by a director;
- may interview the statutory auditors in preparation for the work of the Board of Directors and the Audit Committee; and
- strives to promote in all circumstances the values and image of the Company.

The Chairman is also required to develop and maintain a proper relationship of trust between the Board and the Chief Executive Officer, so as to ensure that the latter consistently and continuously implements the orientations determined by the Board.

In fulfilling his remit, the Chairman may meet with any individual, including senior executives of the Company, while avoiding any involvement in directing the Company or managing its operations, which are exclusively the responsibility of the Chief Executive Officer.

Finally, the Chairman reports to the Board on the fulfilment of his remit.

During its meeting of March 2, 2017, acting on a recommendation from the Compensation Committee, the Board of Directors set the terms of Serge Weinberg's compensation for 2017.

For 2017, his annual fixed compensation was maintained at €700,000.

In line with the compensation policy relating to the Chairman of the Board, as approved by our shareholders at the Annual General Meeting of May 10, 2017, he did not receive any variable compensation and was not awarded any stock options or performance shares. Nor did he receive any attendance fees in his capacity as a director.

The amount reported for benefits in kind relates mainly to a company car with a chauffeur.

Serge Weinberg is not covered by the Sanofi top-up defined-benefit pension plan.

Components of the compensation due or awarded to Serge Weinberg, Chairman of the Board, for the year ended December 31, 2017 and submitted to the shareholders' vote for approval

	Amounts due or awarded or valuation (in euros)	Comments
Fixed compensation	700,000	Fixed compensation (gross amount) for 2017 set by the Board of Directors on March 2, 2017 on a recommendation from the Compensation Committee. Serge Weinberg's annual fixed compensation has remained the same since his appointment as Chairman of the Board on May 17, 2010.
Annual variable compensation	-	Not applicable
Benefits in kind	8,353	The benefit in kind relates principally to a company car with a chauffeur.
Grants of stock options and/or performance shares	-	Not applicable
Termination benefit	-	Not applicable
Exceptional compensation	-	Not applicable
Non-compete indemnity	-	Not applicable
Top-up pension plan	-	Not applicable
Health coverage and death & disability plans	-	Not applicable
Multi-year variable compensation	-	Not applicable
Directors' attendance fees	-	Not applicable
Total	**708,353**	

b) Olivier Brandicourt (11th resolution)

Olivier Brandicourt has served as Chief Executive Officer since April 2, 2015. He has never had, and does not currently have, a contract of employment with Sanofi.

On March 2, 2017, acting on a recommendation from the Compensation Committee, the Board of Directors set the terms of Olivier Brandicourt's compensation for 2017.

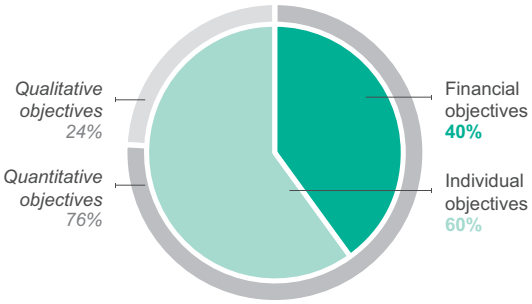
In line with our compensation policy for the Chief Executive Officer, as approved by our shareholders at the Annual General Meeting of May 10, 2017, his annual compensation for 2017 comprised (i) fixed annual gross compensation of €1,200,000 (unchanged since he took office) and (ii) variable annual compensation in a range from 0% to 250% of his fixed compensation, with a target of 150% of his fixed annual compensation and subject to quantitative and qualitative criteria.

These criteria were 40% based on financial indicators (sales growth one-third, business net income two-thirds), and 60% based on specific individual objectives.

The Board of Directors, acting on recommendations from the Compensation Committee, adjusts the individual performance criteria annually, while always seeking to maintain continuity and consistency from one year to the next:

Individual objectives for 2016	Individual objectives for 2017
■ new product launches (10%); ■ research and development (15%); ■ ongoing transformation of Sanofi (25%); and ■ organization and staff relations (10%)	■ excellence of product launches (10%); ■ external growth (14%); ■ operational transformation (12%); ■ organization and staff relations (12%); and ■ the new product pipeline (12%).

Qualitative criteria account for 24% of the overall variable compensation objectives for 2017 (versus 35% for 2016), and hence represent a relatively limited proportion of the total.



In addition, upon a recommendation from the Compensation Committee and in light of experience, the Board of Directors decided that the percentage of variable compensation linked to the attainment of quantitative criteria could be scaled down regardless of actual performance, in order to give greater weight to the attainment of qualitative criteria. This flexibility can only operate to reduce the amount of variable compensation, and cannot compensate for underperformance on quantitative criteria.

In general, the performance criteria applied to variable compensation and to the vesting of stock options and performance shares are exacting, and consistent with our corporate objectives.

For confidentiality reasons, neither the level of attainment required (target) for the quantitative criteria nor the details of the qualitative criteria can be disclosed; however, they were pre-determined on a precise basis. In evaluating those criteria, the performance of major global pharmaceutical companies is always taken into account.

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 6, 2018 reviewed the attainment of each criterion and sub-criterion. The Board's conclusions are summarized in the table below.

	CRITERION	TYPE	WEIGHT	TARGET / MAXIMUM	ASSESSMENT	COMMENTS	LEVEL OF ATTAINMENT
FINANCIAL OBJECTIVES (40%)	Sales	Quantitative	13.3%	19.95% / 33.25%	Slightly below target	Confidential target	103.4%
	Business net income[(a)]	Quantitative	26.7%	40.05% / 66.75%	Slightly above target		
INDIVIDUAL OBJECTIVES (60%)	Excellence of product launches	Quantitative	10%	15% / 25%	Below target	Confidential target	97%
	External growth	Quantitative	14%	21% / 35%	Above target	Acquisitions of Protein Sciences, Bioverativ and Ablynx, identified, activated and partially realized in 2017	
	New product pipeline	Quantitative	12%	18% / 30%	Above target	Registrations and submissions within the timeframe. Strengthening of early stage pipeline	
	Operational transformation	Qualitative	12%	18% / 30%	On target	Implementation of the digital strategy. Cost reduction programme in line with the target	
	Organization and staff relations	Qualitative	12%	18% / 30%	On target	Strengthening of the talent pool. Positive results of the survey made among employees	
TOTAL			**100%**	**150% / 250%**			**99.6%**

(a) For a definition, see "– Item 5 – Operating and Financial Review and Prospects – Business Net Income" of our Annual Report on form 20-F

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 6, 2018 set Olivier Brandicourt's variable compensation for 2017 at €1,792,800, equivalent to 149.4% of his fixed compensation.

Payment of Olivier Brandicourt's variable compensation in respect of the 2017 financial year is contingent on approval of his compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 225-100 of the French Commercial Code.

Components of the compensation due or awarded to Olivier Brandicourt, Chief Executive Officer, for the year ended December 31, 2017 and submitted to a shareholder vote for approval

	Amounts due or awarded or valuation (in euros)	Comments
Fixed compensation	1,200,000	On a recommendation from the Compensation Committee, Olivier Brandicourt's gross fixed compensation for 2017 was set by the Board of Directors on March 6, 2017. His gross annual fixed compensation amounts to €1,200,000. His fixed compensation has remained the same since his appointment.
Annual variable compensation		The gross variable compensation of Olivier Brandicourt was in a potential range between 0% and 250% of his gross annual fixed compensation, with a target of 150%. His variable compensation for 2017 was established on the basis of quantitative and qualitative criteria. These criteria were as follows: ■ attainment of financial targets versus budget (40%), comprising sales growth (one-third) and growth in business net income (two-thirds); ■ excellence of product launches (10%); ■ external growth (14%); ■ operational transformation (12%); ■ organization and staff relations (12%); and ■ new product pipeline (12%). Qualitative criteria account for 24% of the overall variable compensation objectives, and hence represent a relatively limited proportion of the total.
	1,792,800	On a recommendation from the Compensation Committee, the Board of Directors meeting of March 6, 2018 reviewed the attainment of each criterion and sub-criterion. Its conclusions are summarized in the table on the preceding page. Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 6, 2018 set Olivier Brandicourt's variable compensation for 2017 at €1,792,800, equivalent to 149.4% of his annual fixed compensation. Payment of his variable compensation is subject to approval by the present Annual General Meeting.
Benefits in kind	318	Olivier Brandicourt received a benefit in kind representing social contribution payments made by Sanofi on his behalf. Sanofi policy is to make these payments (which arise on employer's pension contributions and are normally payable by the employee) on behalf of all of its employees in France, including him.

	Amounts due or awarded or valuation (in euros)	Comments
Grants of stock options and/or performance shares		In line with our compensation policy for the Chief Executive Officer as approved by our shareholders at the Annual General Meeting of May 10, 2017, and acting on the recommendations of the Compensation Committee, the Board of Directors meeting of May 10, 2017 decided to award Olivier Brandicourt 220,000 stock subscription options and 50,000 performance shares in respect of the 2017 financial year. The valuation of those awards is equivalent to 5.6 times his fixed compensation. The award of the options and performance shares is contingent upon fulfilment of a performance condition which consists in the attainment of three cumulative performance conditions over a three-year period, 2017 – 2019: Business Net Income (50%), Return on Assets (30%) and Total Shareholder Return (20%). Options to subscribe for shares may not be exercised during the first four years and performance shares have a three-year vesting period.
	2,686,200	Each stock option granted on May 10, 2017 was valued at €12.21, valuing the total benefit at €2,686,200. Options are valued at the date of grant using the Black & Scholes method, which is the method used in the consolidated financial statements. The stock options granted to Olivier Brandicourt in 2017 represented 3.49% of the total limit approved by the Annual General Meeting of May 4, 2016 and 58.19% of the total amount awarded to all beneficiaries on May 10, 2017.
	4,075,000	Each performance share awarded on May 10, 2017 was valued at €81.50, valuing the total benefit at €4,075,000. Performance shares are valued at the date of grant; the valuation represents the difference between the quoted market price of the share on the date of grant and the aggregate present value of the dividends to be received over the next three years. The performance shares awarded to Olivier Brandicourt in 2017 represented 0.26% of the total limit approved by the Annual General Meeting of May 4, 2016 and 1.39% of the total amount awarded to all beneficiaries on May 10, 2017. Acting on a recommendation from the Compensation Committee, the Board of Directors meeting on March 6, 2018 proposed awarding 220,000 stock options and 50,000 performance shares to Olivier Brandicourt for 2018. The award of those stock options and performance shares to Olivier Brandicourt for 2018 is contingent on approval by the present Annual General Meeting.
Exceptional compensation	-	Not applicable.
Termination benefit	No payment	The termination benefit only becomes payable if the departure of the Chief Executive Officer is forced, i.e. in the event of removal from office linked to a change in strategy or control of the Company. The amount of the termination benefit is capped at 24 months of his most recent total compensation on the basis of (i) the fixed compensation effective on the date of leaving office and (ii) the last variable compensation received prior to that date, subject to fulfilment of the performance criteria described below. In accordance with article L. 225-42-1 of the French Commercial Code and with the AFEP-MEDEF Code, payment of the termination benefit is contingent upon fulfillment of two performance criteria listed below, assessed over the three financial years preceding his ceasing to hold office. The two criteria are:

(1) For a definition, see "Item 5. Operating and Financial Review and Prospects – A.1.5. Segment information – 3/ Business Net Income" of our annual report on form 20-F.

	Amounts due or awarded or valuation (in euros)	Comments
		■ the average of the ratios of business net income(1) to net sales for each financial year must be at least 15%; ■ the average of the ratios of operating cash flow before changes in working capital to net sales for each financial year must be at least 18%. The amount of this benefit will be reduced by any amount received as consideration for the non-compete undertaking, such that the aggregate amount of these two benefits may never exceed two years of total fixed and variable compensation. The Annual General Meeting of May 4, 2015 approved the section on the termination benefit contained in the auditors' special report on related party transactions (4th resolution).
Non-compete indemnity	No payment	In the event of his departure from the Company, Olivier Brandicourt undertakes not to join a competitor of the Company as an employee or corporate officer, or to provide services to or cooperate with such a competitor, during a 12-month period following his departure. In return for his undertaking, he will receive an indemnity corresponding to one year's total compensation on the basis of his fixed compensation on the date of leaving office and the last individual variable compensation received prior to that date. This indemnity will be payable in 12 monthly installments. However, the Board of Directors reserves the right to release him from this undertaking for some or all of that 12-month period. In such a case, the non-compete indemnity would not be due for the period of time waived by the Company. The Annual General Meeting of May 4, 2015 approved the section on the non-compete undertaking contained in the auditors' special report on related party transactions (4th resolution).
Top-up pension plan	No payment	Olivier Brandicourt is covered by a top-up defined-benefit pension plan falling within the scope of Article L. 137-11 of the French Social Security Code. The plan is offered to all employees of Sanofi and its French subsidiaries who meet the eligibility criteria specified in the plan rules. This plan, which remains open, was set up on October 1, 2008 as the final stage in the process of harmonizing the status of personnel across the French subsidiaries. The main characteristics of this plan are as follows: This top-up defined-benefit pension plan is offered to executives (as defined by AGIRC, a confederation of executive pension funds) of Sanofi and its French subsidiaries who meet the eligibility criteria specified in the plan rules; the benefit is contingent upon the plan member ending his or her career within the Group. The plan is reserved for executives with at least ten years of service whose annual base compensation has for ten calendar years (not necessarily consecutive) exceeded four times the French social security ceiling, and is wholly funded by the Company and outsourced to an insurance company.

	Amounts due or awarded or valuation (in euros)	Comments
		The top-up pension, which may not exceed 37.50% (1.5% per year of service capped at 25 years) of the reference compensation, is in the form of a life annuity, and is transferable as a survivor's pension. The annuity is based on the arithmetical average of the three highest years' annual gross compensation (fixed plus variable) paid during any three of the five years (not necessarily consecutive) preceding final cessation of employment. This reference compensation is capped at 60 times the French social security ceiling applicable in the year in which the pension is taken. In addition, vesting of new rights for the Chief Executive Officer has been subject to a performance condition since January 1, 2017. The performance condition is applied on the following basis: ■ if the level of attainment for variable compensation is equal to or greater than the target (i.e. 150% of fixed compensation), 100% of the contingent top-up pension rights will vest, corresponding to an uplift of 1.5% in the annual reference compensation used to calculate the annuity payable under the plan; ■ if the level of attainment for variable compensation is less than 100% of fixed compensation, no top-up pension rights will vest for the year in question; and ■ between those two limits, vested rights are calculated on a prorata basis. Consequently, the annual uplift in contingent rights is capped at 1.5% of the annual reference compensation used to calculate the annuity payable under the plan, which is below the upper limit of 3% of annual reference compensation stipulated in Article L. 225-42-1 of the French Commercial Code. The annuity supplements any other schemes for which the plan member may be eligible in France or abroad, subject to a cap on the total pension from all sources set at 52% of the reference compensation. If the total amount of the annuities paid under all such schemes were to exceed the 52% cap, the amount of the Sanofi top-up defined-benefit pension would be reduced accordingly in order to respect this cap. Because Olivier Brandicourt has pursued his career in different countries and in different groups, he has not continuously paid into the French compulsory industry schemes. Consequently, he was awarded a deemed ten years of service on taking up office. The Annual General Meeting of May 4, 2015 approved the section on the pension benefit contained in the auditors' special report on related-party agreements. Taking account of all of the above, the Board of Directors at its meeting of March 6, 2018 ascertained whether the performance condition had been met, noting that the level of attainment for the Chief Executive Officer's variable compensation for the 2017 financial year was 99.6%, i.e. 149.4% of his fixed compensation. Consequently, 99.6% of his contingent top-up pension rights vest, corresponding to an uplift of 1.49% in the annual reference compensation used to calculate the annuity payable under the plan.

	Amounts due or awarded or valuation (in euros)	Comments
		Taking into account the award of a deemed ten years of service, he has therefore accumulated 12.75 years of service as of December 31, 2017. His reference compensation being limited to 60 times the French social security ceiling (i.e. €2,353,680 in 2017, based on a ceiling of €39,228), the theoretical maximum of his top-up pension is currently 19.115% of that amount, i.e. €449,906. On leaving Sanofi, Olivier Brandicourt may not benefit from the top-up pension plan unless he is entitled to benefit fully from compulsory industry schemes; this requires him to have reached statutory retirement age (which he did in February 2018) and to have accumulated the required number of three-month periods of qualifying employment. Sanofi does not have sufficient information to determine whether retirement in 2018 is a realistic scenario in terms of qualifying employment, since most of his career has been spent outside France. If Olivier Brandicourt were to retire in 2018, he would have accumulated 12.75 years of service, entitling him to an annuity equal to 19.115% of his reference compensation. That annuity would supplement the schemes for which he may be eligible in France or abroad, subject to a cap on the total pension from all sources set at 52% of the reference compensation. If the total amount of the annuities paid under all such schemes were to exceed the 52% cap, the amount of the Sanofi top-up defined-benefit pension would be reduced accordingly in order to respect this cap.
Health coverage and death & disability plans	-	Olivier Brandicourt is subject to, benefits from and contributes to the same health coverage and death & disability plans as are applicable to other employees of Sanofi based in France.
Multi-year variable compensation	-	Not applicable
Directors' attendance fees	-	Not applicable
Total	**9,754,318**	

REAPPOINTMENT OF A STATUTORY AUDITOR

(12th resolution)

Upon the recommendation of the Audit Committee, the Board of Directors proposes that you reappoint Ernst & Young et Autres whose mandate is due to expire at the close of the present General Meeting.

This audit firm was appointed for the first time on April 28, 1994 and were last reappointed at the Annual General Meeting of May 4, 2012.

The Audit Committee examined the services provided by the firm, in particular with regard to:

- the quality of work carried out;
- the regular rotation of the two firms in the Group's entities; and
- robust quality control procedures.

The Audit Committee recommended to the Board of Directors the reappointment of Ernst & Young et Autres for a further term of six financial years expiring at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2023, in accordance with the regulations and, in particular, with the European regulation of April 16, 2014 on specific requirements regarding statutory audit.

The firms appointed as our statutory auditors are also required to comply with rules regarding the rotation of individual signatories. Individual audit report signatories cannot sign off the accounts for more than six consecutive financial years within a seven-year period, and may not be involved in the statutory audit again until a further three-year period has elapsed.

Under that rule, the current signatory partner of the audit reports for Ernst & Young et Autres (Nicolas Pfeuty) will no longer participate in the statutory audit of the Company's accounts after the present General Meeting.

SHARE REPURCHASE PROGRAM

(13th resolution)

The Board of Directors requests that you renew the authorization to repurchase the Company's own shares granted to the Board of Directors at the Annual General Meetings of May 4, 2016 and May 10, 2017, in accordance with Articles L. 225-209 *et seq* of the French Commercial Code.

In 2017, the Company used those authorizations to repurchase its own shares on the market, acquiring 26,855,536 shares at a weighted average price of €80.04 per share, i.e. a total cost of €2,149 million (including 20,000 shares allocated to cover performance share plans). Brokerage fees and financial transactions tax (net of corporate income taxes) amounted to €6.2 million. The Company did not use derivatives to repurchase its own shares.

Furthermore, pursuant to the liquidity contract, Rothschild & Cie purchased 1,012,115 of our shares for a total amount of €83,822,744 (at a weighted average price of €82.82) and sold 962,365 of our shares for a total amount of €80,000,590 (at a weighted average price of €83.13).

Under the new resolution submitted for your approval, the Company could repurchase its own shares up to the statutory limit of 10% of its share capital at the date of repurchase (i.e. 125,401,990 shares as of December 31, 2017), and the maximum number of treasury shares held after any repurchases could not under any circumstances exceed 10% of the Company's share capital.

The maximum price for repurchases will be €120 per share. It will not be possible to use this authorization in the event of a public tender offer for Sanofi's shares, and its validity is limited to a period of 18 months.

The objectives of the repurchase program that would be implemented pursuant to this authorization are limited by law, and are described in detail in the resolution. Sanofi may repurchase shares itself or through an intermediary. Information about share repurchases is disclosed regularly on our corporate website (*www.sanofi.com*).

II – Extraordinary business

AMENDMENT TO THE ARTICLES OF ASSOCIATION

(14th resolution)

An internal rule applied within Sanofi stipulates that a director cannot be appointed or reappointed once he or she has reached the age of 70. In the interests of clarity and transparency, we are proposing that you approve an amendment to our Articles of Association in order to formalize that rule and align the situation of the Chairman of the Board with that of the other directors.

That rule was previously applied on the expiry of the terms of office of Klaus Pohle, Igor Landau, Jean-René Fourtou and Uwe Bicker as directors of Sanofi.

In any event, under current French legislation the number of directors having reached the age of 70 cannot exceed one-third of the total number of directors in office; as soon as that one-third threshold is reached, the oldest director is deemed to have resigned and his or her term of office ends at the next General Meeting of the shareholders.

POWERS

(15th resolution)

The 15th resolution is a standard resolution to allow for filings and other legal formalities.

The Board of Directors proposes that you grant powers for the accomplishment of filings and other legal formalities required further to the General Meeting.

If you agree with the Board's proposals, please approve the resolutions as submitted for your vote.

The Board of Directors

Use of Existing Shareholder Authorizations in 2017

Share repurchases: in 2017, a total of 26,855,536 shares were repurchased at an average price of €80.04 per share. Between January 1 and February 28, 2018 (the last available date prior to finalization of this notice of meeting), a total of 13,022,710 shares were repurchased at an average price of €76.79 per share.

Share cancellation: 36,380,198 shares were cancelled at the Board meeting of April 27, 2017 and 10,402,540 at the Board meeting of December 14, 2017.

Equity compensation: a total of 378,040 options and 3,587,465 performance shares were awarded in 2017.

Other equity issuances: 1,621,098 shares were issued following the 2017 share capital increase reserved for employees.

The Board of Directors can continue to use the shareholder authorizations previously granted by the Annual General Meeting of May 4, 2016 in its 12th and 13th resolutions, and by the Annual General Meeting of May 10, 2017 in its 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd and 23rd resolutions.

We encourage you as shareholders to help us to reduce the AGM's carbon footprint by signing up to receive electronic shareholder communications and by voting through the VOTACCESS platform. More information can be found at *www.sanofi.com/AGM2018.*

Summary table of financial resolutions adopted by shareholders at the Annual General Meeting held on May 4, 2016 and remaining in force after May 2, 2018

A glossary is provided after the tables below. Terms included in the glossary are identified by an asterisk in the tables.*

EXTRAORDINARY BUSINESS

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
12	Granting of options to subscribe for or purchase shares	38 months	Potentially used to incentivize grantees by giving them a stake in the growth of the business	– 0.5% of the share capital on the date the Board decides to use this delegated authority – Included in the Overall Ceiling* of €1.289 billion (i.e. 644.5 million shares) – sub-ceiling: no more than 15% of the total options granted may be granted to executive officers	/	Our policy and procedures for the granting of stock options, including options granted to executive officers are indicated in our 2017 Annual Report on Form 20-F
13	Consideration-free allotments of existing or new shares	38 months	Potentially used to incentivize grantees by giving them a stake in the growth of the business	– 1.5% of the share capital on the date the Board decides to use this delegated authority – Included in the Overall Ceiling* of €1.289 billion (i.e. 644.5 million shares) – sub-ceiling: no more than 5% of the total performance shares awarded may be awarded to executive officers	/	Our policy and procedures for the granting of performance shares, including shares granted to executive officers are indicated in our 2017 Annual Report on Form 20-F

Summary table of financial resolutions adopted by shareholders at the Annual General Meeting held on May 10, 2017 and remaining in force after May 2, 2018

EXTRAORDINARY BUSINESS

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
15	Issuance, **with Preemptive Rights* maintained**, of shares and/or Securities Giving Access To The Share Capital* of the Company, of any Subsidiary* and/or of any other company	26 months	Potentially used by the Board of Directors to provide your Company with the financial resources needed to develop the Company and the Group	– 644.5 million shares, i.e. 51.39% of the capital at December 31, 2017, not including any additional amount issued to preserve the rights of holders of Securities Giving Access To The Share Capital* – included in the Overall Ceiling* of the same amount – €7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	Price set by the Board	– refer to the glossary for information about Securities Giving Access To The Share Capital* – possible introduction of a Prorated* subscription right – possible authorization to issue Securities Giving Access To The Share Capital of Subsidiaries* or Affiliates* – this delegation of authority cannot be used during a public tender offer for the Company's shares
16	Issuance by **public offering with Preemptive Rights* cancelled**, of shares and/or Securities Giving Access To The Share Capital* of the Company, of any Subsidiary* and/or of any other company	26 months	– potentially used by the Board of Directors to provide your Company with the financial resources needed to develop the Company and the Group and to carry out issues, without Preemptive Rights* for existing shareholders, both on the French and on the international market – potentially used to issue shares or Securities Giving Access To The Share Capital* as consideration for securities of another company meeting the conditions set by article L. 225-148 of the French Commercial Code in a public exchange offer initiated by the Company in France or in another country under local rules	– 120 million shares, i.e. 9.57% of the share capital at December 31, 2017, not including any additional amount issued to preserve the rights of holders of Securities Giving Access To The Share Capital* – included in the Overall Ceiling* – €7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	Price set by the Board, at least equal to the Statutory Minimum Price*	– possible authorization to issue Securities Giving Access To The Share Capital* of Subsidiaries* or Affiliates* – possible authorization to issue shares or Securities Giving Access To The Share Capital* further to issuance of securities giving access to the Company's share capital* by Subsidiaries* – possible Priority Subscription Period* – this delegation of authority cannot be used during a public tender offer for the Company's shares

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
17	Issuance **with Preemptive Rights* cancelled**, of shares and/or Securities Giving Access To The Share Capital* of the Company, of any Subsidiary* and/or of any other company **via a private placement**	26 months	– potentially used by the Board of Directors to provide the Company with a swifter and simpler means of funding than an issuance by public offering with Preemptive Rights* maintained – intended mainly for professional investors	– 120 million shares, i.e. 9.57% of the share capital as of December 31, 2017, not including any additional amount issued to preserve the rights of holders of Securities Giving Access To The Share Capital* – included in the ceiling of the same amount specified in the 16th resolution and in the Overall Ceiling* – €7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	Price set by the Board, at least equal to the Statutory Minimum Price*	– possible authorization to issue Securities Giving Access To The Share Capital* of Subsidiaries* or Affiliates* – possible authorization to issue shares or Securities Giving Access To The Share Capital* further to the issuance of securities giving access to the Company's share capital by Subsidiaries* – this delegation of authority cannot be used during a public tender offer for Company's shares
18	Issuance of debt instruments giving access to the share capital* of Subsidiaries* and/or of any other companies	26 months	Potentially used by the Board of Directors to provide the Company with the financial resources needed to develop the Company and the Group	€7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	Price set by the Board	This delegation of authority cannot be used during a public tender offer for the Company's shares
19	Increasing the number of securities to be issued in the event of a capital increase **with or without Preemptive Rights***	26 months	Potentially used to reopen a capital increase at the same price as the original issue in the event of oversubscription (also known as a **greenshoe** clause)	– for each issue, the ceiling is the regulatory limit applicable on the issue date (currently 15% of the initial issue) – included in the 120 million shares ceiling set by the 16th resolution (for issues without Preemptive Rights*) and in the Overall Ceiling* (for any issue) – €7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	Same price as the initial issue	This delegation of authority cannot be used during a public tender offer for the Company's shares

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
20	Issuance of shares or Securities Giving Access To The Share Capital* as **consideration for contributions in kind**	26 months	Potentially used in connection with acquisitions	– 10% of the capital adjusted to reflect transactions affecting the share capital subsequent to the 2017 Annual General Meeting, i.e. for information purposes 125,401,990 shares at December 31, 2017 – included in the 120 million shares ceiling specified in the 16th resolution for capital increases without Preemptive Rights* and the Overall Ceiling* – €7 billion maximum par value for debt instruments, included in the €7 billion Maximum Par Value Amount*	The Board will rule on the report of the Independent Reporting Accountants, which includes an assessment of the value of the assets transferred	– as stipulated by law, this delegation of authority cannot be used for consideration provided in connection with a public exchange offer initiated by the Company within the scope of article L. 225-148 of the French Commercial Code – this delegation of authority cannot be used during a public tender offer for the Company's shares
21	**Incorporation of share premium, reserves, profits or other items**	26 months	Potentially used to incorporate share premium, reserves, profits or other items into the share capital, enabling the capital to be increased without any new money having to be contributed	– 250 million shares (in the event of a capital increase by issuance of new shares) – Included in the Overall Ceiling*	The Board determines the amounts incorporated, and the quantity of new equity instruments issued and/or the new par value of existing equity instruments	This delegation of authority cannot be used during a public tender offer for the Company's shares
22	Issuance of shares or Securities Giving Access To The Share Capital* **reserved for members of employee savings plan**	26 months	Potentially used to increase employee share ownership, in France and abroad, by setting up employee savings plans	– 1% of the share capital on the date the Board decides to use this delegated authority – Included in the Overall Ceiling*	Price set by the Board subject to a minimum issue price for the shares or Securities Giving Access To The Share Capital* of: – 80% of the Reference Price* – 70% of the Reference Price* when the lockup period stipulated by the plan is 10 years or more (for retirement savings plans)	This delegation of authority may be used during a public tender offer for the Company's shares

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
23	Cancellation of treasury shares	26 months	Potentially used to reduce the Company's share capital	No more than 10% of the capital may be cancelled during any 24-month period, i.e. for information purposes 125,401,990 shares at December 31, 2017	/	– 36.4 million shares cancelled at the Board meeting of April 27, 2017 – 10.4 million shares cancelled at the Board meeting of December 14, 2017

Summary table of the financial resolution proposed at the Annual General Meeting of May 2, 2018

ORDINARY BUSINESS

No.	Purpose	Period of validity	Possible reasons for use of the delegation of authority	Specific ceiling	Price or method for determining price	Other information and comments
13	Authorization **to carry out transactions in shares** issued by the Company	18 months	Permitted uses of the shares repurchased by the Company: – implementation of stock purchase option plans or similar plans – allotment or transfer of shares to employees – allotment of consideration-free shares to employees or corporate officers – grant of shares linked to stock option plans or other awards to employees or corporate officers of the Company or associated company – delivery of shares or exercise of rights attached to Securities Giving Access To The Share Capital* – cancellation of some or all of the repurchased shares (pursuant to the 23rd resolution adopted by the Annual General Meeting of May 10, 2017) – delivery of shares in connection with an acquisition, merger, demerger or asset-for-share exchange – market-making in the secondary market or maintenance of the liquidity of Sanofi shares by an investment services provider as part of a liquidity contract consistent with the ethics charter approved by the *Autorité des Marchés Financiers* – any transaction that complies with current or future applicable regulations	– the Company may at no time hold a number of shares representing more than 10% of its share capital, as adjusted to reflect transactions affecting the share capital subsequent to the present General Meeting, i.e. for information purposes 125,401,990 shares at December 31, 2017 – the number of shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share exchange may not exceed 5% of the Company's share capital	Maximum purchase price of €120 per share	This delegation of authority cannot be used during a public tender offer for the Company's shares

GLOSSARY

Affiliates
Companies of which Sanofi directly or indirectly owns 50% or less of the share capital.

Maximum Par Value Amount
Overall maximum par value amount of €7 billion for debt securities issued pursuant to the 15th to 20th resolutions approved by the Annual General Meeting of May 10, 2017.

Overall Ceiling
General ceiling of **€1.289 billion (i.e. 644.5 million shares** on the basis of the share capital as of December 31, 2017) imposed on share capital increases carried out pursuant to the 15th, 16th, 17th, 19th, 20th, 21st and 22nd resolutions approved by the Annual General Meeting of May 10, 2017.

Preemptive Rights
Tradable right enabling existing shareholders to purchase additional shares or Securities Giving Access To The Share Capital* in an offering before the general public has the opportunity to do so, or to obtain (by selling their rights) an amount equivalent to the notional reduction in the value of their shares that would arise from the new issue.

Priority Subscription Rights / Priority Subscription Period
In return for the cancellation of Preemptive Rights*, the Board may introduce Priority Subscription Rights, which may be Prorated*. Priority Subscription Rights, like Preemptive Rights*, enable existing shareholders to subscribe to the proposed issue in proportion to the number of shares they currently hold. However, unlike Preemptive Rights*, Priority Subscription Rights are (i) exercisable within a Priority Subscription Period (in practice, at least 5 trading sessions) shorter than the period allowed for Preemptive Rights* and (ii) not tradable.

Prorated
(subscription rights)
In some cases, the Board of Directors may institute Prorated subscription rights in favor of existing shareholders. This means that if irreducible subscriptions (i.e. subscriptions by shareholders exercising Preemptive Rights*) fail to entirely absorb the capital increase, the unsubscribed shares would be allocated to those shareholders who made an application for additional shares on a Prorated basis (over and above the entitlement given by their Preemptive Rights*) in proportion to their subscription rights, though the number of shares allocated to each shareholder may not exceed the number of shares applied for by that shareholder.

Reference Price
Average of the first quoted market prices of the Company's shares on the Euronext Paris regulated market during the twenty trading sessions preceding the day of the Board decision (pursuant to the 22nd resolution approved by the Annual General Meeting of May 10, 2017) setting the opening date of the subscription period for members of the employee savings plan.

Securities Giving Access To The Share Capital
Characteristics of Securities Giving Access To The Share Capital:

The 15th, 16th, 17th, 19th, 20th and 22nd resolutions approved by the Annual General Meeting of May 10, 2017 allow the Board to decide to issue Securities Giving Access To The Share Capital of the Company or of its Subsidiaries, either by the issuance of new shares (examples include bonds convertible into or redeemable for shares, or bonds with share warrants attached) or by the delivery of existing shares (examples include "OCEANE" bonds, which are convertible into new shares or exchangeable for existing shares). Those securities may take the form either of debt instruments (as in the aforementioned examples) or of equity instruments (for instance, shares with share warrants attached). However, issuing equity instruments convertible or transformable into debt instruments is prohibited by law.

Methods of allotting the securities to which Securities Giving Access To The Share Capital give entitlement and dates when this right may be exercised:

Securities Giving Access To The Share Capital that take the form of debt instruments (such as bonds convertible into or redeemable for shares, or bonds with share warrants attached) may give entitlement, either at any time, during specified periods of time, or on specified dates, to the allotment of shares. Such allotment may be effected by conversion (e.g. convertible bonds), redemption (e.g. bonds redeemable for shares), exchange (e.g. bonds exchangeable for shares) or presentation of a warrant (e.g. bonds with share warrants attached) or by any other means, during the term of the debt instruments, whether or not shareholders' preemptive rights are maintained in respect of the securities thereby issued.

In accordance with the law, delegations of authority granted by the General Meeting to issue Securities Giving Access To The Share Capital entail waiver by existing shareholders of their preemptive rights over the equity instruments to which such securities give entitlement.

Securities Giving Entitlement To The Allotment Of Debt Instruments
Characteristics of Securities Giving Entitlement To The Allotment Of Debt Instruments, methods of allotting the instruments to which these securities give entitlement, and dates when this right may be exercised:

The 15th, 16th, 17th, 18th, 19th and 20th resolutions approved by the Annual General Meeting of May 10, 2017 allow the Board to decide upon the issuance of Securities Giving Entitlement To The Allotment Of Debt Instruments (such as shares with bond warrants attached). These securities could take the form of complex debt instruments in the sense understood by the stock market authorities, for example due to their redemption or remuneration terms or other rights such as indexation or option rights.

If Securities Giving Entitlement To The Allotment Of Debt Instruments are issued, your Board may decide whether they are to be subordinated or not (and if applicable, their ranking of subordination, consistent with the provisions of article L. 228-97 of the French Commercial Code), determine the interest (which may be fixed and/or floating rate, and may be compound interest), their term (whether fixed or perpetual), and the other terms and conditions of their issuance (including the possibility of securing or collateralizing them). These securities may be redeemed before maturity, including by delivery of Company assets, with or without a premium, or may be amortized, or may be repurchased on the market including through a tender or exchange offer by the Company.

Statutory Minimum Price

Currently, the statutory minimum issue price is:

– *For shares*: the weighted average of the quoted market prices during the last three trading sessions on the Euronext Paris regulated market preceding the setting of the subscription price for the capital increase minus 5%, after making any adjustment to this average in the event of a difference in the dates of ranking for dividend;

– *For Securities Giving Access To The Share Capital**: a price such that for any share issued by virtue of Securities Giving Access To The Share Capital*, the total amount received by the Company in exchange for those Securities Giving Access To The Share Capital* be at least equal to the statutory minimum price per share defined in the previous paragraph (as of the date of issuance of the Securities Giving Access To The Share Capital*).

Subsidiaries

Companies of which Sanofi directly or indirectly owns more than 50% of the share capital.

PROPOSED RESOLUTIONS

ORDINARY BUSINESS

First resolution

Approval of the individual company financial statements for the year ended December 31, 2017

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed:

- the Management Report of the Board of Directors for the year ended December 31, 2017;
- the Corporate Governance Report of the Board of Directors;
- the Statutory Auditors' reports;

approves as presented the individual company financial statements for the year ended December 31, 2017 comprising the balance sheet, the income statement and the notes thereto, as well as the transactions reflected in those financial statements and summarized in those reports, showing a profit of €4,287,609,255.72.

Pursuant to Article 223 *quater* of the French General Tax Code, the General Meeting approves those expenses and charges that are non-deductible for tax purposes under Article 39.4 of said Code and which amount to €97,692.49 for the year ended December 31, 2017, as well as the tax incurred on the basis of those expenses and charges, which amounted to €33,638.78.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2017

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' reports and the Statutory Auditors' reports, approves as presented the consolidated financial statements for the year ended December 31, 2017 comprising the balance sheet, the income statement and the notes thereto, as well as the transactions reflected in those financial statements and summarized in those reports.

Third resolution

Appropriation of profits for the year ended December 31, 2017 and declaration of dividend

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' reports and the Statutory Auditors' reports, notes that the financial statements for the year ended December 31, 2017 as approved by this Meeting show (i) a profit for the year ended December 31, 2017 of €4,287,609,255.72, (ii) no further appropriation to the legal reserve is required as it already amounts to 10% of the share capital, and (iii) retained earnings brought forward amount to €21,569,587,790.43, resulting in a distributable profit of €25,857,197,046.15.

The General Meeting resolves to appropriate the distributable profit of €25,857,197,046.15 as follows:

■ profit for the year ended December 31, 2017		€4,287,609,255.72
■ retained earnings brought forward	(+)	€21,569,587,790.43
■ appropriation to the legal reserve[(a)]	(–)	€—
distributable profit	(=)	€25,857,197,046.15
appropriated as follows:		
■ to the payment of dividends		€3,799,153,919.34[(b)]
■ to be carried forward as retained earnings		€22,058,043,126.81

(a) The amount of the legal reserve having reached 10% of the share capital.

(b) The total amount of the dividend distribution shown above is calculated on the basis of the number of shares entitled to dividend as of December 31, 2017, i.e. 1,253,846,178, and may change if the number of shares entitled to dividend changes between January 1, 2018 and the dividend ex-date, in particular as a result of changes in the number of treasury shares, the vesting of restricted shares and the exercise of stock options (if the beneficiary is entitled to dividend under the rules of the relevant plan).

Consequently, the General Meeting resolves to pay a dividend of €3.03 per share, i.e. €3,799,153,919.34, the balance being carried forward as retained earnings.

The General Meeting formally notes that the cash dividend (including interim dividend) payable to shareholders will be treated as a distribution for tax purposes, eligible for the 40% tax relief when paid to individuals who are resident in France for tax purposes specified in Article 158.3.2 of the French General Tax Code.

The General Meeting notes that the dividends paid out in respect of the past three fiscal years and those qualifying for the 40% tax relief were as follows:

Fiscal year	Number of shares carrying dividend rights	Dividend per share	Distributions eligible for the 40% tax relief	Distributions not eligible for the 40% tax relief
2014	1,319,367,445	€2.85	€2.85	€0
2015	1,305,696,759	€2.93	€2.93	€0
2016	1,292,022,324	€2.96	€2.96	€0

The ex-date for this dividend on Euronext Paris will be May 11, 2018 and the payment date will be May 15, 2018. If the Company holds any of its own shares as of the payment date, the proportion of distributable profits not distributed as a result will be appropriated to retained earnings.

Fourth resolution

Reappointment of Olivier Brandicourt as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' report, notes that the term of office of Mr. Olivier Brandicourt as a Director expires this day and resolves to reappoint him as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2021.

Fifth resolution

Reappointment of Patrick Kron as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' report, notes that the term of office of Mr. Patrick Kron as a Director expires this day and resolves to reappoint him as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2021.

Sixth resolution

Reappointment of Christian Mulliez as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' report, notes that the term of office of Mr. Christian Mulliez as a Director expires this day and resolves to reappoint him as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2021.

Seventh resolution

Appointment of Emmanuel Babeau as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' report, appoints Mr Emmanuel Babeau as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2021.

Eighth resolution

Compensation policy for the Chairman of the Board of Directors

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Corporate Governance Report of the Board of Directors established pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and the criteria used in determining, allocating and awarding the total compensation and benefits of whatever kind awarded to the Chairman of the Board of Directors as described in the aforementioned report.

Ninth resolution

Compensation policy for the Chief Executive Officer

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Corporate Governance Report of the Board of Directors established pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and the criteria used in determining, allocating and awarding the total compensation and benefits of whatever kind awarded to the Chief Executive Officer as described in the aforementioned report.

Tenth resolution

Approval of the payment, in respect of the year ended December 31, 2017, and of the award, of fixed, variable and exceptional components of the total compensation and benefits of whatever kind to Serge Weinberg, Chairman of the Board of Directors

Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, approves the fixed, variable and exceptional components of the total compensation and benefits of whatever kind paid in respect of the year ended December 31, 2017 or awarded to Mr. Serge Weinberg in his capacity as Chairman of the Board of Directors as presented in the Board of Directors' report on the corporate governance of the company referred to in Article L.225-37 of the aforementioned code.

Eleventh resolution

Approval of the payment, in respect of the year ended December 31, 2017, and of the award, of fixed, variable and exceptional components of the total compensation and benefits of whatever kind to Olivier Brandicourt, Chief Executive Officer

Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, approves the fixed, variable and exceptional components of the total compensation and benefits of whatever kind paid in respect of the year ended December 31, 2017 or awarded to Mr. Olivier Brandicourt in his capacity as Chief Executive Officer as presented in the Board of Directors' report on the corporate governance of the company referred to in Article L.225-37 of the aforementioned code.

Twelfth resolution

Reappointment of Ernst & Young et Autres as a Statutory Auditor

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' report, notes that the term of office of Ernst & Young et Autres as a Statutory Auditor expires this day and resolves to reappoint it as a Statutory Auditor for a six-year term, to expire at the close of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2023.

Thirteenth resolution

Authorization to the Board of Directors to carry out transactions in the Company's shares (except during public tender offers)

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' Report, authorizes the Board of Directors, with powers to subdelegate within the law, in accordance with Articles L. 225-209 *et seq* of the French Commercial Code, to purchase or arrange for the purchase of shares in the Company, with a view to:

- the implementation of any Company stock option plan under the terms of Articles L. 225-177 *et seq* of the French Commercial Code or any similar plan; or
- the allotment or sale of shares to employees under the French statutory profit-sharing scheme or the implementation of any entity or group (or similar) savings plan on the conditions stipulated by law, in particular Articles L. 3332-1 *et seq* of the French Labor Code, including via a consideration-free allotment of such shares by way of top-up employer's contribution and/or in substitution for discount, in accordance with the relevant laws and regulations; or
- the consideration-free allotment of shares under the terms of Articles L. 225-197-1 *et seq* of the French Commercial Code; or
- generally, the honoring of obligations relating to stock option programs or other share allotments to employees or corporate officers of the issuer or of an associated entity; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the cancellation of some or all of the shares purchased; or
- the delivery of shares (in exchange, as payment, or otherwise) in connection with acquisitions, mergers, demergers or asset-for-share exchanges; or
- market-making in the secondary market or maintenance of the liquidity of Sanofi shares by an investment services provider under a liquidity contract that complies with the ethical code recognized by the *Autorité des Marchés Financiers*.

This program is also intended to allow for the implementation of any market practice that may be permitted by the *Autorité des Marchés Financiers* subsequent to the present General Meeting and more generally for the carrying out of any transaction that complies with the applicable regulations. In such cases, the Company will inform its shareholders by means of a press release.

Purchases of the Company's own shares may be made such that:

- the number of shares acquired by the Company during the repurchase program may not exceed 10% of the shares which constitute the then share capital of the Company, such percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequent to the present General Meeting (as an indication, 125,401,990 shares as at December 31, 2017), it being stipulated that (i) the number of shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share exchange may not exceed 5% of the Company's share capital; and (ii) where the shares are repurchased to improve the liquidity of Sanofi shares on the conditions specified by the *Autorité des Marchés Financiers*, the number of shares taken into account in calculating the 10% limit mentioned above will be the number of shares purchased minus the number of shares resold during the period of the authorization;
- the number of own shares held by the Company at any time may not exceed 10% of the shares which constitute the share capital of the Company on the date in question.

Acquisitions, sales, exchanges and transfers of shares may be made at any time, other than during the period of a public tender offer for the Company's shares, subject to the limits authorized by the laws and regulations in force, on one or more occasions and by any means, on regulated markets or via a multilateral trading facility or a systematic internalizer or over the counter, including by block purchases or sales (with no limit on the portion of the share repurchase program that can be carried out by this means), by public cash offer or public exchange offer or by the use of options or other derivative forward financial instruments or by the implementation of option-based strategies or by delivery of shares arising from the issuance of securities giving access to the Company's share capital by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or through an investment services provider. The maximum purchase price of shares under the present resolution will be 120 euros per share (or the equivalent value of this amount as at the same date in any other currency or currency unit established by reference to more than one currency).

The General Meeting delegates to the Board of Directors powers to adjust the aforementioned maximum purchase price in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, consideration-free allotment of shares, stock split or reverse stock split, distribution of reserves or of any other assets, redemption of share capital, or any other transaction affecting shareholders' equity, so as to take account of the impact of such transactions on the value of the shares.

The total amount allocated to the share repurchase program authorized above may not exceed 15,048,238,800 euros (or the equivalent value of this amount as at the same date in any other currency or currency unit established by reference to more than one currency).

The General Meeting confers full powers on the Board of Directors, with powers to subdelegate within the law, to decide on and implement the present authorization and if necessary to specify the conditions and determine the terms thereof, to implement the share repurchase program, and in particular to place stock market orders, enter into agreements, allocate or reallocate acquired shares to desired objectives subject to the applicable legal and regulatory conditions, set any terms and conditions that may be necessary to preserve the rights of holders of securities or options in accordance with legal, regulatory or contractual stipulations, make declarations to the Autorité des Marchés Financiers or any other competent authority, accomplish all other formalities and generally do all that is necessary.

This authorization deprives of effect from this day any unused portion of any previous authorization to the Board of Directors for the same purpose, i.e. any authorization to carry out transactions in the Company's shares. It is granted for a period of eighteen (18) months from this day.

EXTRAORDINARY BUSINESS

Fourteenth resolution

Amendments to Articles 11 and 12 of the Articles of Association

The General Meeting, voting on the quorum and majority conditions for Extraordinary Meetings, having reviewed the Board of Directors' Report, amends the wording:

(i) of the second paragraph of Article 11.1 of the Articles of Association relating to the Board of Directors. As a consequence, Article 11.1 of the Articles of Association, currently worded as follows:

"As soon as the number of directors aged over 70 represents more than one-third of the directors in office, the oldest director shall be deemed to have resigned; his term of office shall end at the date of the next Shareholders' Ordinary General Meeting."

Shall henceforth read as follows:

"A natural person cannot be appointed or reappointed as a director once he or she reaches the age of 70. As soon as the number of directors aged over 70 represents more than one-third of the directors in office, the oldest director shall be deemed to have resigned; his or her term of office shall end at the date of the next Shareholders' Ordinary General Meeting."

The remainder of Article 11 is unchanged.

(ii) of the first paragraph of Article 12 of the Articles of Association relating to the Chairman of the Board of Directors. As a consequence, Article 12 of the Articles of Association, currently worded as follows:

"The Board of Directors shall appoint from among its members a Chairman, who must be a natural person. Except in the circumstances specified in article 16 when he also assumes the function of Chief Executive Officer, the Chairman may hold office until the Shareholders' Ordinary General Meeting called to approve the financial statements of the immediately preceding financial year and held in the calendar year in which he reaches the age of 70."

Shall henceforth read as follows:

"The Board of Directors shall appoint from among its members a Chairman, who must be a natural person. Except in the circumstances specified in article 16 when he or she also assumes the function of Chief Executive Officer, the Chairman may hold office for the duration of his or her term of office as director, under the conditions laid down in article 11.1 paragraph 2 above."

The remainder of Article 12 is unchanged.

ORDINARY AND EXTRAORDINARY BUSINESS

Fifteenth resolution

Powers for formalities

The General Meeting, voting on the quorum and majority conditions for Extraordinary Meetings, confers full powers on the bearer of an original, copy or extract of the minutes of its deliberations to carry out any filings (including filings with the competent registry) and formalities required by law.

CURRENT COMPOSITION OF THE BOARD OF DIRECTORS

Serge Weinberg
Chairman of the Board of Directors

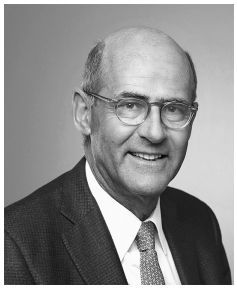
Olivier Brandicourt
Chief Executive Officer
Director

Laurent Attal
Director

Robert Castaigne
Independent
Director

Bernard Charlès
Independent
Director

Claudie Haigneré
Independent
Director



Patrick Kron
Independent
Director

Fabienne Lecorvaisier
Independent
Director

Melanie Lee
Independent
Director

Suet-Fern Lee
Independent
Director

Christian Mulliez
Director

Marion Palme
Director
representing employees

Carole Piwnica
Independent
Director

Christian Senectaire
Director
representing employees

Diane Souza
Independent
Director

Thomas Südhof
Independent
Director

INFORMATION ABOUT DIRECTORS

Whose reappointment is submitted for approval by the General Meeting(1)

Olivier Brandicourt

Date of birth:	February 13, 1956
Nationality:	French
First appointed:	April 2015
Term expires:	2018
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Olivier Brandicourt

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• **Chief Executive Officer of Sanofi*** – Chairman of the Executive Committee of Sanofi – Member of the Strategy Committee of Sanofi • President of Sanofi Biotechnology SAS	**In French companies** None
	None	**In foreign companies** • Member of the Board of Management of the Pharmaceutical Research and Manufacturers of America (PhRMA, United States) • Member of the Council of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA, Switzerland) • Member and Vice-President of the European Federation of Pharmaceutical Industries and Associations (EFPIA, Brussels) • Member of the National Committee on US-China Relations (United States) • Honorary Member of the Royal College of Physicians (United Kingdom)
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** • Bayer Group (Germany): – Chief Executive Officer and Chairman of the Executive Committee of Bayer HealthCare AG (until 2015) – Member of the Executive Council of Bayer AG* (until 2015) • Member and Vice-Chair of the Board of Trustees of the Children's Aid Society of New York (United States)

Education and business experience

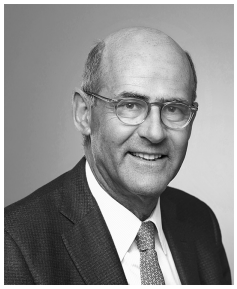
- Degree in Medical Mycology, Pasteur Institute, France
- Masters in Human Biology, Paris XII University, France
- Medical Degree with subspecialty in Infectious Diseases and Tropical Medicine, Paris V University, France

1979-1981	National Service with the *Office de la recherche scientifique et technique outre-mer* (ORSTOM) (Republic of Congo)
1981-1987	Research Fellow and Hospital & University Assistant in the Department of Parasitology, Tropical Medicine and Public Health at the Pitié-Salpêtrière Hospital (France)
1987-2000	Various operational and commercial positions at Warner-Lambert/Parke-Davis, including Vice-President and General Manager (1998-2000)
2000-2013	Various operational and managerial positions at Pfizer Inc.*, including member of the Executive Leadership Team (2010-2013) and President & General Manager Emerging Markets & Established Business Unit (2012-2013)
2013-2015	Chief Executive Officer and Chairman of the Executive Committee of Bayer HealthCare AG and Member of the Executive Council of Bayer AG*

Number of shares held
1,000 shares

(1) Publications held in listed companies are flagged by an asterisk. Each person's principal position is indicated in bold.

Patrick Kron



Date of birth:	September 26, 1953
Nationality:	French
First appointed:	May 2014
Term expires:	2018
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Patrick Kron

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Independent director of Sanofi* – Chairman of the Compensation Committee of Sanofi – Member of the Appointments and Governance Committee of Sanofi – Member of the Strategy Committee of Sanofi	**In French companies** • Director of Bouygues* • Director of Lafarge-Holcim* • Director of Halcor Metal Works* • **Chairman of Truffle Capital SAS** • Chairman of PKC&I SAS – Permanent representative of PKC&I on the Supervisory Board of Segula Technologies • Vice-President of the *Les Arts Florissants* choral group association **In foreign companies** None
Past directorships expiring within the last five years	None None	**In French companies** • Alstom*: – Chairman and Chief Executive Officer (until 2016) – Chairman of Alstom Resources Management (until 2015) • Director of *Association Française des Entreprises Privées* (AFEP) (until 2015) **In foreign companies** • Alstom*: – Director of Alstom UK Holdings Ltd. (United Kingdom, until 2012) – Director and Managing Director of Alstom Asia Pte. Ltd. (Singapore, until 2014)

Education and business experience

- Degree from *École Polytechnique* and *École Nationale Supérieure des Mines de Paris*

1979-1984	Various positions at the French Ministry of Industry, including as project officer at the *Direction régionale de l'Industrie, de la Recherche et de l'Environnement* (DRIRE) and in the Ministry's general directorate
1984-1988	Operational responsibilities in one of the Pechiney Group's biggest factories in Greece, then manager of the Greek subsidiary
1988-1993	Various senior operational and financial positions within the Pechiney Group
1993	Member of the Executive Committee of the Pechiney Group
1993-1997	Chairman and Chief Executive Officer of Carbone Lorraine
1995-1997	Manager of the Food and Health Care Packaging Sector at Pechiney, and Chief Operating Officer of American National Can Company in Chicago (United States)
1998-2002	Chief Executive Officer of Imerys
2003-2016	Chief Executive Officer, then Chairman and Chief Executive Officer, of Alstom*
Since 2016	**Chairman of Truffle Capital CAS**
Since 2016	Chairman of PKC&I SAS

Number of shares held

1,000 shares

Christian Mulliez

Date of birth:	November 10, 1960
Nationality:	French
First appointed:	June 2004
Last reappointment:	May 2014
Term expires:	2018
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Christian Mulliez

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Director of Sanofi* – Member of the Audit Committee of Sanofi – Member of the Compensation Committee of Sanofi	**In French companies** • Chairman of the Board of Directors of Regefi • Director of DG 17 Invest
	None	**In foreign companies** • Director of L'Oréal USA Inc. (United States)
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** • Director of Galderma Pharma (Switzerland, until 2014)

Education and business experience

- Degree from ESSEC (*École Supérieure des Sciences Économiques et Commerciales*)

Since 2003	**Executive Vice President, Chief Financial Officer of L'Oréal***
1984-2002	Various positions at Synthélabo and then Sanofi-Synthélabo, including Vice President Finance

Number of shares held
1,525 shares

Whose appointment is submitted for approval by the General Meeting

Emmanuel Babeau

Date of birth:	February 13, 1967
Nationality:	French
First appointed:	May 2018
Term expires:	2022

Directorships and appointments of Emmanuel Babeau

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	None	**In French companies** • Schneider Electric* Group – Director of Schneider Electric Industries SAS – Member of the Supervisory Board of InnoVista Sensors SAS, Aster Capital Partners SAS, Schneider Electric Energy Access representing Schneider Electric Industries SAS • Director of Sodexo* **In foreign companies** • Schneider Electric* Group – Vice-president de Aveva Group Plc. – Director of AO Schneider Electric, Schneider Electric (China) Co. Ltd., Samos Acquisition Company Ltd., Schneider Electric USA Inc., Schneider Electric Holdings Inc., Invensys Ltd., InnoVista Sensors Topco Ltd. – Member of the Managing Board of Schneider Electric Services International Sprl.
Past directorships expiring within the last five years	None	**In French companies** • Schneider Electric* Group – Member of the Management Board of Schneider Electric SA – Director of Telvent GIT SA – Member of the Policy Committee of Aster Capital Partners **In foreign companies** • Schneider Electric* Group – Chairman of the Management Board of Schneider Electric Services International Sprl.

Education and business experience

- Graduate of l'ESCP (*École Supérieure de Commerce de Paris*, 1989)
- DESCF (degree in finance and accounting)

Since 2013	**Deputy Chief Executive Officer and Chief Financial Officer of Schneider Electric***
2009-2013	Various positions within the Schneider Electric* Group , including as Group Deputy Managing Director of Finance
1996-2009	Various positions within the Pernod Ricard* Group, including as Vice President Development and Chief Financial Officer
1990-1993	Arthur Andersen

STATUTORY AUDITORS' REPORT ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2017

To the Shareholders of Sanofi,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Sanofi for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter:

Without qualifying our opinion, we draw your attention to the matter set out in Notes 2.a to the financial statements, which refer to the application by Sanofi SA of ANC regulation 2015-05 of July 2, 2015 on forward financial instruments and hedging operations as of January 1, 2017.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity interests

See Notes 2.d and 6.b to the financial statements

Description of risk

As of December 31, 2017, equity interests amounted to €49,478 million, or 92% of the assets on the balance sheet.

Equity interests are recognized at their acquisition cost, including any transfer taxes and other expenses.

The book value of these interests is determined by management based on a review of internal and external indicators of impairment. The value may be adjusted depending on the valuation model selected with respect to the business activity of the relevant entity (commercial, manufacturing or holding company), on the basis of the percentage of equity held in the entity, discounted future cash flows, multiples of revenue or independent valuations.

It follows that determining the book value of equity interests relies on valuation models that are sensitive to the underlying data, especially when the method of choice is the discounted cash flow method, which is based on multiple assumptions such as the revenue growth rate, the operating margin rate and the discount rate of future cash flows.

We deemed the measurement of the book value of equity interests to be a key audit matter due to the significant amounts at stake, the sensitivity of the value to the assumptions used and the high degree of judgment required from management.

How our audit addressed this risk

We examined and evaluated the process implemented by management to determine the book value of these assets, focusing in particular on the identification of impairment indicators, the application of valuation methods and the calculations performed.

We obtained the impairment tests performed by management.

In addition, in association with our evaluation experts, we assessed the methodology and discount rates employed.

For the impairment tests we deemed the most sensitive, we evaluated the main data and assumptions used, by comparing them to past performance, to progress made in the projects carried out by the relevant entities, to our knowledge of the businesses and, where available, to independent data.

Lastly, we assessed (i) the accounting policies applied to the measurement of the book value, and (ii) the disclosures provided in the notes to the financial statements.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Regarding information relating to the items that your Company has considered as having a potential impact in the context of a takeover or exchange bid, provided in accordance with article L. 225-37-5 of the French commercial code (Code de commerce), we have verified their conformity with the source documents that have been communicated to us. On the basis of the work performed, we have no matters to report on that information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sanofi by the Annual General Meetings held on May 4, 2012 for Ernst & Young et Autres and on March 12, 1999 for PricewaterhouseCoopers Audit.

As at December 31, 2017, Ernst & Young et Autres was in the sixth year of total uninterrupted engagement (previously, Ernst & Young Audit was statutory auditor of Sanofi from 1994 to 2011) and PricewaterhouseCoopers Audit in the nineteenth year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion.
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La-Défense, March 6, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit ERNST & YOUNG et Autres

Philippe Vogt Stéphane Basset Nicolas Pfeuty

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended December 31, 2017

To the Shareholders of Sanofi,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Sanofi for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Business swap with Boehringer Ingelheim (*See Notes D.1. and D.36. to the consolidated financial statements*)

Description of risk	How our audit addressed this risk
On January 1, 2017 Sanofi finalized the exchange of its Animal Health business for Boehringer Ingelheim's Consumer Healthcare business. The exchange values of the two businesses were determined at €10,557 million for Sanofi's Animal Health business and €6,239 million for Boehringer Ingelheim's Consumer Healthcare business. As a result of the transaction, Sanofi recognized: ■ With respect to the divestment of the Animal Health business: a pre-tax gain of €6,343 million in line item *Net income of the exchanged/held-for-exchange Animal Health business* and an after-tax gain of €4,643 million. Measuring the divestment gain required Sanofi to analyze the different tax regimes applicable thereto, taking particular account of the divesting entities and the commercial substance of the exchange. ■ With respect to the acquisition of the Consumer Healthcare business: goodwill in an amount of €2,222 million and intangible assets identified under products and trademarks acquired for an amount of €3,771 million, representing the main assets acquired, recorded at fair value. These valuations are inherently dependent on data and assumptions requiring judgment from management, such as perpetual growth, operating margin and discount rates. We deemed the transaction as a whole to be a key audit matter due to its materiality, its complexity and the degree of judgment required from management.	We (i) gained an understanding of the procedures implemented by management to recognize this transaction and (ii) assessed the design and tested the operating effectiveness of controls relevant for our audit. We analyzed the main agreements entered into between the two parties to assess the commercial substance of the exchange. In addition, we analyzed the work carried out by management with respect to purchase price allocation. A significant part of our audit procedures concerned the calculation of the fair value of the assets acquired and liabilities assumed. With the assistance of our evaluation experts, we conducted sensitivity analyses and evaluated the main data and assumptions used, such as cash flow forecasts, the expected useful life of the assets, and the perpetual growth rates and discount rates used, by comparing them with our knowledge of the businesses and, where available, independent data. We also examined the tax analyses inherent to this transaction with our tax experts with a view to assessing the assumptions used. Lastly, we examined (i) the accounting policies applied to reporting the business swap with Boehringer Ingelheim, and (ii) the disclosures provided in the notes to the consolidated financial statements.

Discounts, rebates and chargeback incentives relating to Sanofi's business in the United States (*See Notes B.13.1. and D.23. to the consolidated financial statements*)

Description of risk	How our audit addressed this risk
Products sold in the United States are covered by various government and federal programs (of which Medicaid and Medicare are the most significant) and are subject to commercial agreements with healthcare authorities and certain customers and distributors. Sales recognized as part of these programs and agreements are subject to discounts, rebates and chargeback incentives based on qualitative or quantitative criteria (hereinafter the "Discounts"). These Discounts are recognized as a reduction of Sanofi's gross sales revenue. Provisions are recognized at the end of the reporting period for open Discounts granted under these programs and agreements. Those relating to government and federal programs, as well as the Managed Care and Group Purchasing Organizations (GPO) programs, amounted to €2,086 million and €663 million respectively at December 31, 2017 and mainly concerned products sold in the United States (see Note D.23).	We (i) gained an understanding of the process established by management to estimate these Discounts and (ii) evaluated the design and tested the operating effectiveness of controls relevant for our audit, especially those related to the measurement of provisions at the accounts closing. We obtained management's calculations underlying the estimates, and, with the support of our experts in price-setting mechanisms for government and federal programs, we (i) defined our own expectations, (ii) evaluated the reasonableness of management's estimates, by comparing them with our expectations, (iii) recalculated some of the estimates, (iv) carried out retrospective analyses to assess the quality of the estimates and (v) evaluated the impact of subsequent events on the estimates. In addition, we (i) carried out tests of details on the credit notes and payments issued during the year, (ii) gained an understanding of related agreements and (iii) sent confirmation requests to a sample of customers on contractual clauses taken into account.

Description of risk	How our audit addressed this risk
We deemed Discounts pertaining to the US pharmaceutical market to be a key audit matter due to the materiality of the amounts involved, the complexity of the underlying programs and agreements and the degree of judgment required from management to determine the appropriate level of provisioning, taking into account changes to and issues relating to regulatory interpretation, as well as increasing competition on prices in the US healthcare sector.	Lastly, we examined (i) the accounting policies applied to the reporting of Discounts, and (ii) the disclosures provided in the notes to the consolidated financial statements.

Recoverable amount of Goodwill and Other intangible assets (*See Notes B.3.2., B.6.1. and D.5. to the consolidated financial statements*)

Description of risk	How our audit addressed this risk
As at December 31, 2017, Goodwill and Other intangible assets amounted to €40,264 million and €13,080 million, respectively. Sanofi recognized an impairment loss of €310 million on Other intangible assets for the financial year. Impairment tests concerning Goodwill and Other intangible assets are performed annually and/or when there is an indication of impairment. The tests are based on the recoverable amounts of the assets, as determined by management by discounting future cash flows prepared using the same methods as those used in the initial measurement of the assets on the basis of medium-term strategic plans. These cash flows are based on numerous assumptions such as revenue growth rates, the likelihood of success of research and development projects and commercial launches of new products, patent expiry dates, market entry of competing products, operating margin rates and discount rates. Goodwill and Other intangible assets concerning products sold by the Group may carry a risk of impairment if actual performances are lower than the initial estimated future cash flows. For Other intangible assets concerning products under development, there is a risk that the various development phases will not be completed and ultimately that marketing authorization will not be obtained or the anticipated commercial potential achieved. We deemed the measurement of the recoverable amount of Goodwill and Other intangible assets to be a key audit matter due to the materiality of the amounts concerned and the high level of judgment and estimation required from management.	We (i) gained an understanding of the process implemented by management to determine the recoverable amount of these assets and (ii) evaluated the design and tested the operating effectiveness of controls relevant for our audit, especially those related to identifying indicators of impairment and supervising calculations of recoverable amounts. We obtained the impairment tests and sensitivity analyses performed by management. We evaluated the sensitivity analyses, in particular by comparing them to our own, in order to define the nature and scope of our work. For the impairment tests we deemed the most sensitive, we evaluated the reasonableness of the main data and assumptions used, by comparing them to past performance, to clinical advancements and study results, to our knowledge of the businesses and, where available, to independent data. We compared the data used by management for performing its impairment tests with data from the budget and long-term projections presented to the Board of Directors with a view to evaluating consistency. In addition, in association with our evaluation experts, we assessed the methodology employed and the discount rates used by management. Lastly, we examined the (i) accounting policies applied to the reporting of the recoverable amounts of Goodwill and Other intangible assets and (ii) the disclosures provided in the notes to the consolidated financial statements.

Provisions for product-related risks and other disputes (*See Notes B.12., D.19.3. and D.22. to the consolidated financial statements*)

Description of risk	How our audit addressed this risk
As at December 31, 2017, provisions for product-related risks and other disputes were recorded in an amount of €1,164 million. The pharmaceutical industry is highly regulated, which increases the inherent risk of litigation and arbitration. Sanofi and its affiliates are involved in litigation, arbitration and other legal proceedings. These proceedings are typically related to litigation concerning civil liability, intellectual property rights, competition law and trade practices, as well as claims under warranties or indemnification arrangements relating to business divestments. The amounts involved are potentially significant and the application of accounting standards to determine their measurement, where appropriate, is intrinsically subjective. The measurement of risk is generally based on a series of complex assessments relating to future events. This is founded on estimations and assumptions deemed by management to be reasonable. We deemed these estimations to be a key audit matter given their materiality and given that the majority of the issues raised in relation to these claims are complex and subject to significant uncertainty.	We (i) examined the process implemented by management to determine the probability of an outflow of resources pertaining to litigation, arbitration and other legal proceedings and to estimate the amount thereof and (ii) assessed the design and tested the operating effectiveness of controls relevant to our audit. We met with Sanofi's legal department to discuss the status of the Group's legal proceedings and contingent liabilities. We sought direct confirmation from external legal counsel of all legal proceedings included in Sanofi's consolidated financial statements, to gain an understanding of their assessment of the risk and, where appropriate, the cost of pending and closed claims. We assessed the documentation justifying management's decisions to record or not to record provisions. We assessed the main changes in provisions pertaining to legal proceedings and arbitration recorded in previous years. Lastly, we examined (i) the accounting principles applied to the reporting of provisions for litigation and arbitration, and (ii) the disclosures provided in the notes to the financial statements.

Complex assessments of tax risks and the impact of the US tax reform (Tax Cuts and Jobs Act - the "2017 Act") (*See Notes A.3., B.22., D.14., D.19.4. and D.30. to the consolidated financial statements*)

Description of risk	How our audit addressed this risk
Sanofi entities operate in multiple tax jurisdictions, carrying out potentially complex transactions that require management to make judgments and estimates as to the tax impact of those transactions. Sanofi is also subject to many different laws and obligations governing the determination and documentation of transfer pricing. The positions adopted by Sanofi in tax matters are based on assumptions and interpretations of how current tax regulations are to be applied. Some of these positions may be subject to uncertainty and may give rise to disputes or challenges from or against local tax authorities. As at December 31, 2017, provisions were recorded for this purpose in an amount of €1,031 million. In addition, a tax liability of €1,193 million was recognized with respect to the direct and indirect effects of the 2017 Act. This estimation relies on assumptions and interpretations that may be subject to adjustment or clarification in the coming months, in particular with respect to the taxation of foreign earnings and profits.	We (i) examined the process implemented by management to determine the probability that Sanofi would need to recognize a liability relating to an uncertain tax position and to estimate the amount thereof and (ii) assessed the design and tested the operating effectiveness of controls relevant for our audit. We examined (i) the assumptions used by management when preparing tax returns, (ii) the documentation prepared by management in relation to its transfer pricing policy, (iii) the status of any tax audits and investigations and (iv) the potential impact of past claims. We worked with our tax experts in France and abroad to (i) assess the assumptions used by management and (ii) reconcile the positions adopted with tax regulations and past decisions from tax authorities. With a view to assessing the pertinence of the main assumptions used by management and where possible, we obtained opinions from Sanofi's external tax advisors.

Description of risk	How our audit addressed this risk
Management (i) regularly assesses the technical merits of its tax positions and (ii) may revise these positions and, in the event of a dispute or challenge, recognize a tax liability or limit the recognition of a tax asset. The above aspects are applied whenever a tax impact is considered likely, based on an estimate of the related costs. We deemed these assessments to be a key audit matter given their materiality and the potential uncertainty of certain assumptions and interpretations underlying the positions adopted by management.	With respect to the Group's assessment of the direct and indirect impact of the 2017 Act, we worked with our tax experts in the United States to (i) evaluate the assumptions and interpretations used by management and (ii) examine the documentation prepared by management to justify its assessment of the taxation of foreign earnings and profits. Lastly, we examined (i) the accounting policies applied to the reporting of uncertain tax positions, and (ii) the disclosures provided in the notes to the consolidated financial statements concerning tax risks and the impact of the 2017 Act.

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sanofi by the Annual General Meetings held on May 4, 2012 for Ernst & Young et Autres and on March 12, 1999 for PricewaterhouseCoopers Audit.

As at December 31, 2017, Ernst & Young et Autres was in the sixth year of total uninterrupted engagement (previously, Ernst & Young Audit was statutory auditor of Sanofi from 1994 to 2011) and PricewaterhouseCoopers Audit in the nineteenth year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements.
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion.
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any material deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, March 6, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit — Philippe Vogt, Stéphane Basset

Ernst & Young et Autres — Nicolas Pfeuty

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional standards applicable in France.

General meeting of shareholders to approve the financial statements for the year ended December 31, 2017

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and the reasons for interest in the company of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-31 of the French commercial code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French commercial code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the general meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the general meeting of shareholders

Agreements and commitments approved in previous years

We hereby inform you that we have not been advised of any agreements or commitments concluded in the course of the year to be submitted to the general meeting of shareholders for approval in accordance with article L. 225-38 of the French commercial code (*Code de commerce*).

Agreements and commitments previously approved by the general meeting

Agreements and commitments approved in previous year

In accordance with article R. 225-30, we have been advised that the following agreements and commitments already approved by the general meeting of shareholders were not implemented during the year.

With Mr Olivier Brandicourt, Chief Executive Officer

As a termination benefit.

Nature and purpose

The board of directors of your company meeting held on February 19, 2015 authorized the termination benefit granted for Mr Olivier Brandicourt

Conditions

In the event of removal or resignation from office as Chief Executive Officer linked to a change in control or strategy, Olivier Brandicourt would receive a termination benefit equivalent to 24 months of total compensation on the basis of his fixed compensation effective on the date he ceases to hold office and the last variable compensation received prior to that date. This compensation is not due if the board of directors of your company would see gross misconduct prior to the departure of Mr. Olivier Brandicourt or in the context of it.

Payment of the termination benefit will be contingent upon fulfillment of the following two performance criteria, assessed over the three financial years preceding his ceasing to hold office:

- the average of the ratios of adjusted net income excluding selected items (a non-GAAP financial measure) to net sales for each financial year must be at least 15%;
- the average of the ratios of operating cash flow before changes in working capital to net sales for each financial year must be at least 18%.

The amount of this indemnity will be reduced by any amount received under the non-compete indemnity, such that the cumulative amount of these two indemnities may in no case exceed the equivalent of two years of total compensation.

As non-compete indemnity.

Nature and purpose

The board of directors of your company meeting held on February 19, 2015 authorized t the non-compete indemnity granted for Mr Olivier Brandicourt

Conditions

In the event of his departure from your company, Olivier Brandicourt undertakes for the 12-month period after his departure not to join a competitor of your company as an employee or executive officer, or to provide services to or cooperate with such a competitor.

In return for his undertaking, he would receive an indemnity corresponding in total to one year's total compensation on the basis of his fixed compensation effective on the date he ceases to hold office and the last variable compensation received prior to that date. The indemnity will be payable in 12 instalments.

In the event of his departure from your company, the board of directors of your company could reserve the unilateral right to cancel this 12-month non-compete agreement, either totally or partially. In such a case, this non-compete indemnity would not be due for the period of time waived by your company.

As a top-up pension plan.

Nature and purpose

The board of directors of your company also authorized the admission of Mr Olivier Brandicourt to the Sanofi top-up defined benefit pension plan offered to executives of your company and its French subsidiaries, who meet the eligibility criteria specified in the plan rules.

Conditions

The main characteristics of the pension are as follows:

The top-up pension, which may not exceed 37.50% (1.5% per year of service capped at 25 years) of the reference compensation, is in the form of a life annuity, and is transferable as a survivor's pension. The annuity is based on the arithmetical average of the three highest years' average annual gross compensation (fixed plus variable) paid during the five years (not necessarily consecutive) preceding final cessation of employment. This reference compensation is capped at 60 times the French social security ceiling (''PASS'') applicable in the year in which the rights vest.

The top-up defined benefit pension plan of your company granted to Mr Olivier Brandicourt comes along with a gratitude of ten years of deemed service.

Agreements and commitments approved during the year

In addition, we have been advised that the following agreements and commitments already approved by the general meeting of shareholders of May 10, 2017 on Statutory auditors' report on related party agreements and commitments dated March 2, 2017 were not implemented during the year.

With Olivier Brandicourt, Chief Executive Officer of your company from April 2, 2015

As a top-up pension plan.

Nature and purpose

In the February 7, 2017, meeting, the Board of Directors of your company changed the commitment given to Mr Olivier Brandicourt concerning the supplementary defined benefit collective retirement plan.

Terms and Conditions

It has been decided to introduce a performance condition for the acquisition of new conditional rights under the supplementary pension plan granted to Mr Olivier Brandicourt, pursuant to the amendments made by the Macron law, effective on January 1, 2017.

A year will be taken into account in determining the amount of the annuity only if it corresponds to a year in respect of which the performance condition has been fulfilled.

The performance condition conditional upon the acquisition of the rights for supplementary retirement is set as follows:

- if the rate of achievement of the variable compensation component is equal to or greater than the target of 150% of the fixed compensation, 100% of the additional contingent benefits will be acquired, corresponding to an increase of 1.5% of the annual compensation used to calculate the annuity paid under the plan;
- if the rate of achievement of the variable portion of compensation is less than 100% of the fixed compensation, no additional pension rights will be acquired for the year in question;
- and between these two ranges, the calculation of the granted rights will be carried out on a pro rata basis.

Thus, the quantum of the annual increase in contingent benefits is capped at 1.5% of the annual compensation used as a reference for the calculation of the annuity paid under this plan, and thus remains below the 3% Annual compensation referred to in Article L. 225-42-1 of the French Commercial Code.

The Board of Directors will verify, each year before the general meeting, that the performance condition has been complied with and will determine the contingent rights for supplementary retirement benefiting Mr. Olivier Brandicourt.

No other elements of the pension plan have changed.

Neuilly-sur-Seine and Paris-La Défense, March 6, 2018

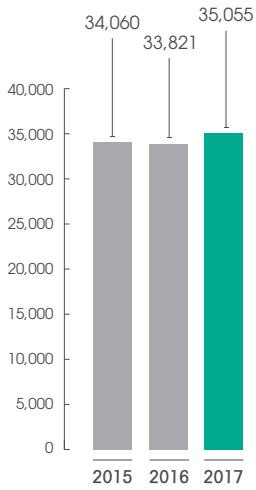
The statutory auditors
French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG ET Autres
Philippe Vogt	Stéphane Basset	Nicolas Pfeuty

OVERVIEW OF SANOFI IN 2017

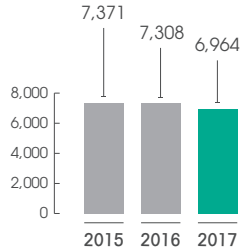
NET SALES (*)

(€ million)

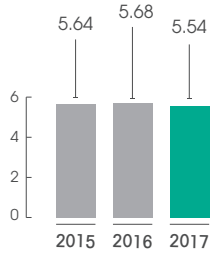


OTHER KEY INDICATORS (*)

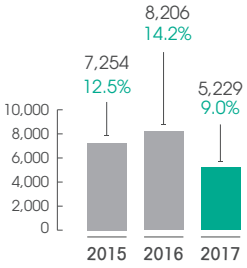
BUSINESS NET INCOME (1)
(€ million)



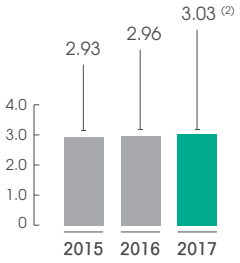
BUSINESS EARNINGS PER SHARE (1)
(€)



DEBT, NET OF CASH AND CASH EQUIVALENTS AS OF DECEMBER 31
(€ million)
GEARING RATIO
(%)



DIVIDEND PER SHARE
(€)



* *Excluding the Animal Health business*
(1) See "Definitions" section below.
(2) Dividend submitted for approval at the present AGM (3rd resolution).

SIGNIFICANT EVENTS

- During 2017, we continued to progress towards our key strategic objectives: reshaping the portfolio, launching new products, enhancing innovation in R&D and streamlining our organization.
- On January 1, 2017, Sanofi and Boehringer Ingelheim (BI) finalized the strategic transaction agreed in June 2016, involving the exchange of Sanofi's Animal Health business (Merial) for BI's Consumer Healthcare business. During 2017, we gradually integrated BI's Consumer Healthcare business into our Consumer Healthcare Global Business Unit (GBU). Following completion of the integration process and with effect from December 31, 2017, we have identified our Consumer Healthcare activity as an operating segment, the financial information for which is reported separately to, and reviewed separately by, our Chief Executive Officer. Consequently, as of December 31, 2017 Sanofi has three operating segments: Pharmaceuticals, Consumer Healthcare and Human Vaccines (Vaccines).
- During 2017, we continued our policy of securing research and development alliances and making targeted acquisitions. We entered into a license agreement with Principia Biopharma, Inc. to develop an oral drug candidate for the treatment of multiple sclerosis. In influenza vaccines, we completed the acquisition of Protein Sciences. We also entered into an agreement with MedImmune to develop and commercialize a vaccine for the prevention of respiratory diseases.
- Our research and development efforts led to a number of compounds entering Phase III in 2017: dupilumab in the treatment of uncontrolled persistent asthma in children aged 6-11 and of atopic dermatitis in adolescents aged 12-17 and in children aged six month to 11 years old; isatuximab in the treatment of multiple myeloma; efpeglenatide in the treatment of diabetes; and cemiplimab in the treatment of non small cell lung cancer and as a second line treatment for cervical cancer. A number of products were launched during 2017 following the granting of regulatory approvals, including Dupixent® (moderate to severe atopic dermatitis in adults) in the United States and some European Union countries; Kevzara® (rheumatoid arthritis) in the United States and some European Union countries; and Soliqua™ 100/33 in the United States and Suliqua™ in Europe (insulin glargine 100 units/ml and lixisenatide 33 mcg/ml injectable solution) in diabetes.
- In 2017, we also invested in our industrial facilities to deliver the production capacity needed for those products, including an extension to our vaccine facility at Val-de-Reuil (France) and a strategic alliance with Lonza to create a large-scale biologics production facility at Visp (Switzerland).
- On November 29, 2017, following a new analysis of long-term clinical trial data which found differences in Dengvaxia® performance based on prior dengue infection, we proposed that national regulatory agencies in countries where the vaccine has been approved update the prescribing information, known as the "label" in many countries, and requested that healthcare professionals assess the likelihood of prior dengue infection in an individual before vaccinating. Vaccination should only be recommended when the potential benefits outweigh the potential risks (in countries with a high burden of dengue disease). For individuals who have not been previously infected by dengue virus, vaccination is not recommended. The national regulatory agency in the Philippines decided to suspend the dengue vaccination campaign in December 2017, and early in 2018 took the decision to suspend the marketing authorization of Dengvaxia® for a one-year period. In other countries, label updates are in progress.
- Net sales for the year ended December 31, 2017 were €35,055 million, 3.6% higher than in 2016. At constant exchange rates (CER)(1), net sales were up 5.6%, reflecting the acquisition of BI's Consumer Healthcare business and the first-time consolidation of Sanofi's European vaccines business. At constant exchange rates and on a constant structure basis, net sales grew 0.5%, driven by Vaccines, the Multiple Sclerosis franchise, Dupixent®, and more generally by Emerging Markets.

(1) See "Definitions" section below.

1. Business overview

1.1. PHARMACEUTICALS SEGMENT

1.1.1. Filings for marketing authorization for new products

The main developments in filings for marketing authorization for new pharmaceutical products during 2017 are described below.

- On January 4, 2017, **Soliqua™ 100/33** (once-daily fixed-dose injectable combination of insulin glargine 100 units/ml and lixisenatide 33 mcg/ml) became available in US pharmacies on medical prescription, for the treatment of adults with type 2 diabetes inadequately controlled on basal insulin (less than 60 units daily) or lixisenatide alone. On January 11, 2017, the European Commission granted marketing authorization in Europe for **Suliqua™** (the brand name for the same product in Europe) for the treatment of adults with type 2 diabetes, authorizing the product for use in combination with metformin to improve control over blood sugar levels when this has not been provided by metformin alone or metformin combined with another oral glucose-lowering medicinal product or with basal insulin.
- On March 28, 2017, Sanofi and Regeneron Pharmaceuticals, Inc. (Regeneron) announced that the United States Food and Drug Administration Agency (FDA) approved **Dupixent®** (dupilumab) injectable solution, the first biologic medicine approved for the treatment of adults with moderate-to-severe atopic dermatitis (AD) whose disease is not adequately controlled with topical prescription therapies, or when those therapies are not advisable. On September 28, 2017, the European Commission granted marketing authorization for **Dupixent®** for the treatment of adults with moderate-to-severe AD who are candidates for systemic therapy. In December 2017, Sanofi submitted a supplemental biologics license application with the FDA for **Dupixent®** in the treatment of persistent uncontrolled asthma for patients aged 12 and over.
- On May 22, 2017, Sanofi and Regeneron announced that the FDA had approved **Kevzara®** (sarilumab) for the treatment of adult patients with moderately to severely active rheumatoid arthritis who have had an inadequate response or intolerance to one or more disease modifying antirheumatic drugs (DMARDs), such as methotrexate(1). Kevzara® was also approved in the European Union on June 23, 2017 for the same indication. The product may be used as monotherapy in the event of intolerance or contra-indication of methotrexate.
- On July 19, 2017, the European Commission granted marketing authorization for Sanofi's **insulin lispro biosimilar**, under the proprietary name **Insulin lispro Sanofi®.** On December 11, 2017, the FDA approved the same product in the United States under the proprietary name **Admelog®**, to help people living with diabetes manage blood sugar levels at mealtime. Admelog® is a rapid-acting insulin similar to Humalog®, another insulin lispro 100 Units/mL approved in the United States. The Admelog® development program involved more than 1,000 adults living with type 1 or type 2 diabetes. Admelog® will be available in both vials and the SoloSTAR® pen, which is the most-used disposable insulin pen platform in the United States.
- On December 18, 2017, Sanofi and Alnylam announced the submission of a marketing authorization application to the European Medicines Agency (EMA) for **patisiran**, an investigational therapeutic agent for the treatment of adults with hereditary transthyretin-mediated amyloidosis (ATTR). The EMA had already granted patisiran accelerated assessment, potentially reducing the evaluation time from 210 to 150 days. Alnylam announced that it had finalized a new drug application to the FDA on December 12, 2017. The filings of regulatory submissions in Japan, Brazil and other countries, should start in the first half of 2018. Sanofi's alliance with Alnylam was restructured at the start of 2018.

1.1.2. Research and development

Our research and development portfolio is presented in "Item 4.B. – Business Overview – B.5. Global Research and Development", in our 2017 Annual Report on form 20-F.

During 2017 we reported the results of numerous clinical trials, including **Praluent® (alirocumab), Dupixent® (dupilumab),** and **cemiplimab (SAR439684)**, all of which were developed in collaboration with Regeneron; **patisiran** and **fitusiran**, both of which were developed in collaboration with Alnylam; and **Toujeo®, isatuximab (SAR650984)** and **efpeglenatide.**

1.1.3. Acquisitions and alliances

We made a number of acquisitions and alliances in our pharmaceuticals operations during 2017. The principal transactions are described below:

- On February 27, 2017, Sanofi and **Lonza** announced a strategic partnership in the form of a joint venture to build

(1) Kevzara® (sarilumab) Prescribing Information. May 2017

and operate a large-scale mammalian cell culture facility for monoclonal antibody production in Visp, Switzerland. An initial investment of approximately €0.3 billion to finance construction of the facility will be made 50/50 by the two partners. In addition, Sanofi could pay Lonza in the region of €0.8 billion over the next fifteen years partly as its share of operating expenses and the cost of producing future batches, and partly to reserve capacity in the new facility.

- On November 9, 2017, Sanofi announced an agreement with **Principia Biopharma, Inc.** to develop an oral drug candidate for the treatment of multiple sclerosis. Under the terms of the license agreement, Sanofi will develop Principia's Bruton's tyrosine kinase (BTK) inhibitor (PRN2246), which has promising potential in the treatment of multiple sclerosis and other central nervous system diseases. Principia will grant Sanofi an exclusive worldwide license to develop and commercialize PRN2246. Sanofi will pay an upfront payment of $40 million to Principia, future milestone payments of up to $765 million, and royalties on sales of the product Principia has the option to co-fund Phase III development, in exchange for either increased royalties on worldwide product sales or a profit and loss sharing arrangement in the United States.

1.2. CONSUMER HEALTHCARE SEGMENT

1.2.1. Filings for marketing authorization for new products

At the start of February 2017, the FDA approved **Xyzal® Allergy 24HR** as an over-the-counter (OTC) treatment for the relief of symptoms associated with seasonal and year-round allergies. Two formulations of Xyzal® are now approved for OTC use: 5 mg tablets for ages 6 years and older, and 0.5 mg/mL oral solution for ages 2 years and older. Xyzal® is an oral antihistamine with a proven 24-hour effect.

1.2.2. Acquisitions and alliances

On January 1, 2017, Sanofi and Boehringer Ingelheim (BI) finalized the strategic transaction agreed in June 2016, involving the exchange of Sanofi's Animal Health business (Merial) for BI's Consumer Healthcare business in most countries. After final enterprise value adjustments, the exchange values of the two businesses effectively transferred during 2017 were determined at €10,557 million for Sanofi's Animal Health business and €6,239 million for BI's Consumer Healthcare business. The divestment of the Animal Health business generated an after-tax gain of €4.6 billion in 2017.

1.3 VACCINES SEGMENT

1.3.1. Vaccines business in Europe

At the end of December 2016, Sanofi Pasteur and MSD (known as Merck in the United States and Canada) ended their European joint venture Sanofi Pasteur MSD (SPMSD). Under the terms of this transaction, we divested our share of the joint venture and acquired the vaccines portfolio that reverted to Sanofi. The additional net sales generated from January 1, 2017 onwards as a result of this transaction are reflected in our consolidated net sales for the year ended December 31, 2017.

1.3.2. Filings for marketing authorization

On November 29, 2017, following a new analysis of long-term clinical trial data which found differences in Dengvaxia® performance based on prior dengue infection, we proposed that national regulatory agencies in countries where the vaccine has been approved update the prescribing information, known as the "label" in many countries, and requested that healthcare professionals assess the likelihood of prior dengue infection in an individual before vaccinating. Vaccination should only be recommended when the potential benefits outweigh the potential risks (in countries with a high burden of dengue disease). For individuals who have not been previously infected by dengue virus, vaccination is not recommended. The national regulatory agency in the Philippines decided to suspend the dengue vaccination campaign in December 2017, and early in 2018 took the decision to suspend the marketing authorization of Dengvaxia® for a one-year period. In other countries, label updates are in progress.

1.3.3. Research and development

Our research and development portfolio is presented in "Item 4.B. – Business Overview – B.5. Global Research and Development", in our 2017 Annual Report on form 20-F. The following main information was communicated:

- A Phase III trial of the high-dose quadrivalent inactivated influenza vaccine **Fluzone® QIV HD** in patients aged over 65 years is currently in preparation.
- Phase III clinical trials are ongoing for the second-generation meningococcal ACYW conjugate vaccine **Men Quad TT**, indicated for a broader population (from children to seniors).
- Sanofi announced its intention not to continue development of the inactivated **Zika** vaccine candidate or to acquire a license for the vaccine from the Walter Reed Army Institute of Research, following the decision by the

US Biomedical Advanced Research and Development Authority (BARDA) to limit the scope of its contract with Sanofi Pasteur to fund production and clinical development of the vaccine.

- Following a planned interim analysis, the Independent Data Monitoring Committee (IDMC) for the phase III Cdiffense clinical trial program concluded in early December 2017 that the probability that the study will meet its primary objective was low. Sanofi therefore decided to discontinue clinical development of its experimental **Clostridium difficile** vaccine, to focus on six key vaccine projects currently in development.

1.3.4. Acquisitions, divestitures and alliances

On March 3, 2017, Sanofi announced an agreement with **MedImmune**, the global biologics research and development arm of AstraZeneca, to develop and commercialize a monoclonal antibody (MEDI8897) for the prevention of Respiratory Syncytial Virus (RSV) associated illness in newborns and infants. According to the US Centers for Disease Control and Prevention, RSV is the most common cause of lower respiratory tract infections in children aged under 1 in the United States and worldwide.

Emergent BioSolutions Inc. announced in October 2017 that it had successfully completed the acquisition of ACAM2000®, the smallpox vaccine developed by Sanofi Pasteur. Under the terms of the agreement, Emergent BioSolutions made a total cash payment of $125 million, comprising a $97.5 million initial payment on closing of the transaction and a further $27.5 million on the attainment of regulatory and production milestones.

On August 28, 2017, Sanofi completed the acquisition of **Protein Sciences**, a privately held biotechnology company based in Meriden, Connecticut (United States). Through this acquisition, Sanofi Pasteur added Flublok®, the only recombinant protein-based influenza vaccine approved by the FDA, to its influenza vaccines portfolio. The acquisition of Protein Sciences fits with Sanofi Pasteur's strategic initiative to explore non-egg-based influenza vaccine manufacturing technologies.

At the end of December 2017, Sanofi Pasteur signed a definitive agreement to divest its anti-venom immunoglobulin range to **MicroPharm**, a UK-based company with recognized expertise in the manufacturing of immunoglobulins. MicroPharm best met the key selection criterion set down by Sanofi Pasteur, namely the ability to ensure the short, medium, and long-term availability of quality immunoglobulins to meet patients' needs. The products divested are Bothrofav®, Fav-Afrique®, Favirept®, Scorpifav® and Viperfav®.

1.3.5 Capital expenditures

In October 2017, Sanofi announced an investment of €170 million to expand its vaccine manufacturing site in Val de Reuil, France. The expansion further strengthens Sanofi's position as one of the world's leading seasonal influenza vaccine providers. The new facility will allow Sanofi Pasteur to expand supply of VaxigripTetra® to up to 70 countries across six continents. This investment is one of several major capital expenditures Sanofi has made in recent years to improve and expand its vaccine production capacities across France, the United States and Mexico. Sanofi plans to complete the expansion by 2021, subject to relevant health authority approvals, and will begin producing vaccines in this new facility in 2022

1.4. SIGNIFICANT EVENTS SUBSEQUENT TO DECEMBER 31, 2017

On January 7, 2018, **Sanofi and Alnylam** announced a strategic restructuring of their RNAi therapeutics alliance to streamline and optimize development and commercialization of certain products for the treatment of rare genetic diseases. Specifically:

- Sanofi will obtain global development and commercialization rights to fitusiran, an investigational RNAi therapeutic currently in development for the treatment of people with hemophilia A and B. Global commercialization of fitusiran, upon approval, will be handled by Sanofi Genzyme, Sanofi's Specialty Care Global Business Unit. Alnylam will receive royalties based on net sales of fitusiran products.
- Alnylam will obtain global development and commercialization rights to its investigational RNAi therapeutics programs for the treatment of ATTR amyloidosis, including patisiran and ALN-TTRsc02. Sanofi will receive royalties based on net sales of those ATTR amyloidosis products.
- With respect to other products falling under the RNAi therapeutics alliance, the material terms of the 2014 Alnylam-Sanofi Genzyme alliance remain unchanged.

In January 2018, **Sanofi and Regeneron** announced (i) amendments to their collaboration agreement on the development and commercialization of human therapeutic antibodies; (ii) amendments to their immuno-oncology (IO) License and Collaboration Agreement on the development of cemiplimab (REGN 2810); and (iii) a limited waiver and amendment of the Amended Investor Agreement pursuant to a letter agreement (the "2018 Letter Agreement").

The announcement included a series of amendments to the collaboration agreements relating to the funding of additional programs to develop REGN2810 in extended indications, and of additional programs on Dupixent® and IL33 (REGN 3500/SAR 440340).

The $650 million development budget for the PD-1 inhibitor antibody will be increased to $1.64 billion through 2022, funded equally by the two companies (i.e. from $325 million to $820 million for each partner).

The additional programs on Dupixent® and IL33 (REGN 3500/SAR 440340) will focus on extending the current range of indications and finding new indications, and improving co-morbidity between multiple pathologies.

Pursuant to the 2018 Letter Agreement, Regeneron has agreed to grant a limited waiver of the "lock-up" and the obligation to maintain the "Highest Percentage Threshold" in the Amended and Restated Investor Agreement between the companies, so that Sanofi may elect to sell a small percentage of the Regeneron common stock it owns to fund a portion of the cemiplimab and dupilumab development expansion. This waiver will allow Sanofi to sell to Regeneron, in private transactions, up to an aggregate of 1.4 million shares of Regeneron common stock through the end of 2020. If Regeneron decides not to purchase the shares, Sanofi will be allowed to sell those shares on the open market, subject to certain volume and timing limitations. Upon expiration of the limited waiver under the 2018 Letter Agreement, the Amended Investor Agreement will be amended to define "Highest Percentage Threshold" as the lower of (i) 25% of Regeneron outstanding shares of Class A Stock and Common Stock (taken together) and (ii) the higher of (a) Sanofi's percentage ownership on such termination date and (b) the highest percentage ownership Sanofi attains following such termination.

On January 22, 2018, **Sanofi and Bioverativ**, a biotechnology company focused on therapies for hemophilia and other rare blood disorders, entered into a definitive agreement under which Sanofi will acquire all of the outstanding shares of Bioverativ for $105 per share in cash, representing an equity value of approximately $11.6 billion (on a fully diluted basis). The transaction was unanimously approved by both the Sanofi and Bioverativ Boards of Directors. The acquisition is expected to be immediately accretive to Sanofi's business earnings per share in 2018, and up to 5% accretive in 2019.

On January 29, 2018, **Sanofi and Ablynx**, a biopharmaceutical company engaged in the discovery and development of Nanobodies®, entered into a definitive agreement under which Sanofi offered to acquire all of the outstanding ordinary shares, including shares represented by American Depositary Shares (ADSs), warrants and convertible bonds of Ablynx, at a price per Ablynx share of €45 in cash, valuing Ablynx at approximately €3.9 billion (on a fully diluted basis). The transaction was unanimously approved by both the Sanofi and Ablynx Boards of Directors.

In January 2018, Sanofi and Regeneron announced that the Ministry of Health, Labor and Welfare in Japan had granted marketing and manufacturing authorization for **Dupixent®** for the treatment of moderate-to-severe atopic dermatitis in adults whose dermatitis whose condition is not adequately controlled with existing therapies.

On January 19, 2018, Sanofi announced the appointment of Dominique Carouge as Executive Vice President, Business Transformation, effective February 15, 2018. He is tasked with accelerating the transformation of Sanofi, and has joined the Executive Committee. His previous role, from January 2016, was as Deputy CFO and Head of Finance Operations and Group Controlling at Sanofi.

2. Operating and financial review

2.1. NET SALES

Net sales for the year ended December 31, 2017 were €35,055 million, 3.6% higher than in 2016. Exchange rate fluctuations had a negative effect of two percentage points overall, mainly as a result of unfavorable trends in the euro against the US dollar, the Egyptian pound, the Turkish lira, the Japanese yen and the Chinese yuan renminbi. At constant exchange rates (CER), net sales were up 5.6%, reflecting the acquisition of BI's Consumer Healthcare business and the first-time consolidation of Sanofi's European vaccines business. At constant exchange rates and on a constant structure basis (CER/CS), net sales rose by 0.5%.

The following table sets forth a reconciliation of our reported net sales for the years ended December 31, 2017 and December 31, 2016 to our net sales at constant exchange rates and on a constant structure basis:[1]

(€ million)	2017	2016	Change
Net sales	**35,055**	**33,821**	**+3.6%**
Effect of exchange rates	672		
Net sales at constant exchange rates	**35,727**	**33,821**	**+5.6%**
Impact of changes in structure		1,741	
Net sales at constant exchange rates and on a constant structure basis	**35,727**	**35,562**	**+0.5%**

Analysis of impact on net sales of changes in structure

(€ million)	2016
BI Consumer Healthcare net sales[a]	1,484
Net sales effect of first-time consolidation of the European vaccines activity (SPMSD transaction)[a]	261
Total impact of BI and SPMSD	**1,745**
Other	(4)
Total impact on net sales of changes in structure	**1,741**

(a) Based on an unaudited sales estimate.

2.2. NET SALES BY OPERATING SEGMENT

Our net sales comprise the net sales generated by our Pharmaceuticals, Consumer Healthcare and Human Vaccines (Vaccines) segments. Following the integration of BI's Consumer Healthcare business, acquired on January 1, 2017, our Consumer Healthcare business represents a separate operating segment of Sanofi in accordance with IFRS 8. Consequently, we present our Consumer Healthcare net sales separately for the year ended December 31, 2017. Comparatives for the year ended December 31, 2016 have been restated accordingly (Consumer Healthcare was previously included within the Pharmaceuticals segment).

(€ million)	2017	2016	Change
Pharmaceuticals	25,122	25,914	-3.1%
Consumer Healthcare	4,832	3,330	+45.1%
Vaccines	5,101	4,577	+11.4%
Net sales	**35,055**	**33,821**	**+3.6%**

(1) See "Definitions" section hereafter.

2.3. NET SALES BY GLOBAL BUSINESS UNIT (GBU)

The table below presents net sales for our Global Business Units (GBUs), reflecting our internal organizational structure that aims to streamline our organization, sharpen our focus and concentrate our efforts on growth drivers. Note that Emerging Markets sales of Diabetes & Cardiovascular and Specialty Care products are included in the General Medicines & Emerging Markets GBU.

(€ million)	2017	2016	Change on a reported basis	Change at constant exchange rates
Sanofi Genzyme GBU[a] (Specialty Care)[b]	5,674	5,019	+13.1%	+15.1%
Diabetes & Cardiovascular GBU[a]	5,400	6,397	-15.6%	-14.3%
General Medicines & Emerging Markets GBU[c][d]	14,048	14,498	-3.1%	-1.0%
Total Pharmaceuticals[e]	**25,122**	**25,914**	**-3.1%**	**-1.2%**
Consumer Healthcare GBU[e]	4,832	3,330	+45.1%	+46.3%
Sanofi Pasteur (Vaccines) GBU	5,101	4,577	+11.4%	+14.5%
Total	**35,055**	**33,821**	**+3.6%**	**+5.6%**

(a) Does not include Emerging Markets net sales.

(b) Rare Diseases, Multiple Sclerosis, Oncology and Immunology.

(c) Includes net sales in Emerging Markets of Specialty Care and Diabetes & Cardiovascular products.

(d) Emerging Markets: World excluding United States, Canada, Western and Eastern Europe (apart from Russia, Ukraine, Georgia, Belarus, Armenia and Turkey), Japan, South Korea, Australia, New Zealand and Puerto Rico.

(e) Following the integration of BI's Consumer Healthcare business, acquired on January 1, 2017, our Consumer Healthcare business represents a separate operating segment of Sanofi in accordance with IFRS 8. Consequently, we present our Consumer Healthcare net sales separately for the year ended December 31, 2017. Comparatives for the year ended December 31, 2016 have been restated accordingly (Consumer Healthcare was previously included within the Pharmaceuticals segment).

2.4. NET SALES BY FRANCHISE

The table below sets forth our 2017 net sales by franchise in order to facilitate comparisons with our peers. For a detailed reconciliation of net sales by franchise and net sales by GBU for our Pharmaceuticals segment, refer to the table later in this report showing Pharmaceuticals segment net sales by geographical region.

(€ million)	2017	2016	Change on a reported basis	Change at constant exchange rates
Rare Diseases	2,888	2,777	+4.0%	+6.0%
Multiple sclerosis	2,041	1,720	+18.7%	+20.8%
Oncology	1,519	1,453	+4.5%	+6.4%
Immunology	230	-	-	-
Total Specialty Care	6,678	5,950	+12.2%	+14.5%
of which Developed Markets (Sanofi Genzyme GBU)	*5,674*	*5,019*	*+13.1%*	*+15.1%*
of which Emerging Markets[a][b]	*1,004*	*931*	*+7.8%*	*+11.3%*
Diabetes	6,395	7,341	-12.9%	-11.1%
Cardiovascular	510	458	+11.4%	+13.3%
Total Diabetes & Cardiovascular	6,905	7,799	-11.5%	-9.6%
of which Developed Markets (Diabetes & Cardiovascular GBU)	*5,400*	*6,397*	*-15.6%*	*-14.3%*
of which Emerging Markets[a][b]	*1,505*	*1,402*	*+7.3%*	*+11.6%*
Established Prescription Products[a]	9,761	10,311	-5.3%	-3.4%
Generics[a]	1,778	1,854	-4.1%	-3.3%
Total Pharmaceuticals[c]	**25,122**	**25,914**	**-3.1%**	**-1.2%**
Consumer Healthcare (Consumer Healthcare GBU)[c]	**4,832**	**3,330**	**+45.1%**	**+46.3%**
Vaccines (Sanofi Pasteur GBU)	**5,101**	**4,577**	**+11.4%**	**+14.5%**
Total	**35,055**	**33,821**	**+3.6%**	**+5.6%**

(a) These lines are aggregated to form the net sales of the General Medicines and Emerging Markets GBU.

(b) Emerging Markets: World excluding United States, Canada, Western and Eastern Europe (apart from Russia, Ukraine, Georgia, Belarus, Armenia and Turkey), Japan, South Korea, Australia, New Zealand and Puerto Rico.

(c) Following the integration of BI's Consumer Healthcare business, acquired on January 1, 2017, our Consumer Healthcare business represents a separate operating segment of Sanofi in accordance with IFRS 8. Consequently, we present our Consumer Healthcare net sales separately for the year ended December 31, 2017. Comparatives for the year ended December 31, 2016 have been restated accordingly (Consumer Healthcare was previously included within the Pharmaceuticals segment).

2.4.1. *Pharmaceuticals segment*

In 2017, net sales for the Pharmaceuticals segment (excluding Consumer Healthcare) were €25,122 million, down 3.1% on a reported basis and 1.2% at constant exchange rates (CER). The year-on-year decrease of €792 million includes a reduction of €492 million due to unfavorable exchange rate effects, and the following impacts at constant exchange rates:

- growth in net sales for the Multiple Sclerosis franchise (up €358 million), the launch of the Immunology franchise (positive effect of €246 million), and positive performances for the Rare Diseases franchise (up €167 million), the Oncology franchise (up €93 million and the Cardiovascular franchise (up €61 million);
- offset by lower net sales for the Diabetes franchise (down €813 million), Established Prescription Products (down €351 million), and Generics (down €61 million).

Net sales for the **Rare Diseases** franchise reached €2,888 million in 2017, up 4.0% on a reported basis and 6.0% at constant exchange rates (CER).

Net sales for the **Multiple Sclerosis** franchise reached €2,041 million in 2017, up 18.7% on a reported basis and 20.8% CER, on strong performances by **Aubagio®** and **Lemtrada®** in the United States and Europe.

The **Oncology** franchise generated net sales of €1,519 million, up 4.5% on a reported basis and 6.4% CER, due largely to public-sector orders for Leukine® in the

United States, a good performance for the franchise in Emerging Markets, and overall growth in sales of Jevtana® and Thymoglobulin®.

Net sales of the **Immunology** franchise reached €230 million in 2017. **Dupixent®** (dupilumab, developed in collaboration with Regeneron), for adults with moderate to severe atopic dermatitis, was approved by the FDA in March 2017 and made available in the US market. Since then, the product has generated US net sales of €216 million, reflecting substantial unmet medical needs and rapid access to the market. In Europe, Dupixent® was approved at the end of September 2017 for the treatment of adults with moderate to severe atopic dermatitis requiring systemic treatment; the product was made available at the end of the year in Germany, where it generated net sales of €2 million. **Kevzara®** (sarilumab, developed in collaboration with Regeneron), a treatment for rheumatoid arthritis, was approved by the FDA on May 22, 2017 and made available in June 2017 in the US market, where it achieved net sales of €10 million. The product has also been approved in Europe, and has been launched in a number of countries (Germany, the Netherlands and the United Kingdom).

Net sales for the **Diabetes** franchise amounted to €6,395 million in 2017, down 12.9% on a reported basis and 11.1% CER. The main factor was a fall in sales of Lantus® in the United States, where Diabetes franchise net sales were down 22.8% CER at €3,128 million. Outside the United States, Diabetes franchise net sales advanced in Emerging Markets (+11.4% CER, at €1,494 million) but fell in Europe (-2.0% CER, at €1,287 million), where a good performance from Toujeo® partially compensated for weaker sales of Lantus®.

Net sales of the **Cardiology** franchise reached €510 million in 2017, up 11.4% on a reported basis and 13.3% CER.

Net sales of **Established Prescription Products** in 2017 were €9,761 million, down 5.3% on a reported basis and 3.4% CER. Growth in Emerging Markets net sales (+4.8% CER, at €3,800 million) failed to offset lower net sales in Europe (-4.4% CER, at €3,473 million), the start of generic competition for Renvela®/Renagel® in the United States, and the impact of competition from generics of Plavix® in Japan. In the United States and the Rest of the World region, net sales of Established Prescription Products fell by 13.8% CER (to €1,269 million) and 11.7% CER (to €1,219 million), respectively.

Generics net sales for 2017 were €1,778 million, down 4.1% on a reported basis and 3.3% CER. Emerging Markets generated net sales of €758 million, down 2.9% CER, due mainly to lower sales in Asia (-68.5% CER, at €22 million) following the divestment of a distribution business in China. In line with our Strategic Roadmap 2020, we have been examining all options and have decided to initiate a carve-out process with a view to divesting our European Generics business. We will be looking for a potential purchaser who will leverage the medium-to-long-term sustainable growth opportunities for this business. We have also confirmed our commitment to our Generics business in other parts of the world, and will focus more on Emerging Markets in order to develop the business in those countries. Signing of definitive transaction agreements(1) on the divestiture of European Generics is expected in the third quarter of 2018.

2.4.2. Consumer Healthcare Segment

During 2017, we gradually integrated the Consumer Healthcare operations of BI into our Consumer Healthcare GBU. Following completion of the integration process and with effect from December 31, 2017, we have identified our Consumer Healthcare business as an operating segment. Consequently, the net sales of our Consumer Healthcare business are presented separately below, for 2017 and comparative periods.

Net sales of **Consumer Healthcare** products reached €4,832 million in 2017, up 45.1% on a reported basis and 46.3% at constant exchange rates, reflecting the acquisition of BI's Consumer Healthcare business. On a constant structure basis and at constant exchange rates, Consumer Healthcare net sales rose by 2.1%, driven by growth in Emerging Markets and Europe.

2.4.3. Human Vaccines (Vaccines) segment

In 2017, net sales for our Vaccines segment were €5,101 million, up 11.4% on a reported basis and 14.5% CER, as a result of the dissolution of the SPMSD joint venture in Europe. On a constant structure basis and at constant exchange rates, Vaccines net sales rose by 8.3%, driven mainly by the performance of the Polio/Pertussis/Hib franchise across all geographies. In the United States, Vaccines net sales increased by 5.6% CER to €2,570 million. Net sales for the Vaccines segment in Emerging Markets were up 7.8% CER at €1,575 million. In Europe, Vaccines net sales reached €630 million (+137.3% CER and +20.7% CER/CS).

(1) Following completion of the dialogue with employee representatives

2.5. NET SALES BY GEOGRAPHICAL REGION

Sales in the **United States** totaled €11,855 million in 2017, down 4.3% on a reported basis and 3.5% on a constant structure basis and at constant exchange rates. The main factor was lower sales for two franchises: Diabetes (-22.8% CER at €3,128 million), and Established Prescription Products (-13.8% CER, at €1,269 million) due to competition from generics of Renvela®/Renagel®. The impact was partly offset by the performance of the Multiple Sclerosis franchise (+19.0% CER, at €1,330 million), the launch of Dupixent®, and growth in Vaccines sales (+5.6% CER at €2,570 million).

In **Emerging Markets**, net sales reached €10,258 million, up 6.9% on a reported basis and up 9.7% CER. On a constant structure basis and at constant exchange rates net sales rose by 6.0%, driven by sales growth for Established Prescription Products (+4.8% CER, at €3,800 million) and the Diabetes franchise (+11.4% CER, at €1,494 million), and a good performance from Vaccines (+7.8% CER, at €1,575 million). In **Asia**, net sales were €3,732 million, up 10.3% CER (+8.7% CER/CS), reflecting a solid performance in China (+15.1% CER/CS, at €2,218 million) on a recovery in Vaccines sales and growth for Established Prescription Products and the Diabetes franchise. In **Latin America**, net sales advanced by 12.8% CER (+5.9% CER/CS) to €2,837 million, boosted by good performances in Brazil (+5.7% CER/CS) and Argentina (+21.0% CER/CS, at €311 million). Net sales in Brazil reached €1,133 million, driven by Established Prescription Products and Consumer Healthcare. In the **Africa and Middle East** region, net sales totaled €2,326 million, up 2.5% CER but down 0.5% on a constant structure basis and at constant exchange rates. Solid performances in Egypt (+28.3% CER/CS) and Algeria (+6.8% CER/CS) were offset by lower sales in Morocco (-27.0% CER/CS) following the divestment of the Maphar site, in Saudi Arabia (-7.5% CER/CS), and in South Africa (-7.1% CER/CS). In the **Eurasia** region net sales reached €1,242 million, up 18.3% CER (+12.6% CER/CS) reflecting strong sales growth in Turkey (+18.1% CER/CS) and in Russia (+8.2% CER/CS). Net sales in Russia were €642 million, driven by Consumer Healthcare and by the Diabetes and Rare Diseases franchises.

In **Europe**, net sales were €9,525 million, up 10.2% CER and stable on a constant structure basis and at constant exchange rates. Lower sales of Established Prescription Products (-5.6% CER/CS, at €3,473 million) were offset by growth in sales of Vaccines (+20.7% CER/CS, at €630 million) and the Multiple Sclerosis franchise (+23.5% CER/CS, at €561 million). Net sales in France amounted to €2,330 million, down 2.3% CER/CS, as lower sales of Established Prescription Products and Generics were only partially offset by sales growth for Vaccines, Consumer Healthcare and the Multiple Sclerosis franchise.

In the **Rest of the World** region, net sales rose by 10.6% CER to €3,417 million. However, on a constant structure basis and at constant exchange rates net sales for the region fell by 1.5%. This reflects a drop in sales for Established Prescription Products (-11.8% CER/CS, at €1,219 million) and the Diabetes franchise (-1.4% CER/CS, at €486 million), partly offset by stronger sales for Vaccines, the Specialty Care franchise, Generics and Consumer Healthcare. In Japan, net sales were up 11.6% CER at €1,803 million. On a constant structure basis, Japanese net sales fell by 7.3% due to the impact of generic competition for Plavix® and lower sales of Lantus®.

2.6. NET INCOME

Net income amounted to €8,555 million in 2017, compared with €4,800 million in 2016. Basic earnings per share for 2017 was €6.71 (including the net gain on the divestment of the Animal Health business), 83.3% higher than the 2016 figure of €3.66, based on an average number of shares outstanding of 1,256.9 million in 2017 (1,286.6 million in 2016).

Business net income is a non-GAAP financial measure that we use to evaluate our operational performance(1). Our business net income for 2017 was €6,964 million, 4.7% lower than in 2016 (€7,308 million, including €476 million of business net income from Animal Health). Excluding Animal Health, our business net income was €6,964 million in 2017 (19.9% of net sales) in 2017, compared with €6,832 million (20.2% of net sales) in 2016.

We also report “business earnings per share”, a non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding.

Business earnings per share was €5.54 in 2017, 2.5% lower than the 2016 figure of €5.68, based on an average number of shares outstanding of 1,256.9 million in 2017 and 1,286.6 million in 2016.

(1) See “Definitions” section below.

2.7. CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash provided by operating activities amounted to €7,379 million in 2017, versus €7,838 million in 2016.

Operating cash flow before changes in working capital for 2017 was €7,231 million, versus €7,010 million in 2016. Working capital requirements fell by €148 million in 2017, compared with a reduction of €828 million in 2016; the main factors in 2017 were an increase in accounts receivable of €529 million and an increase in accounts payable of €577 million.

Net cash used in investing activities amounted to €2,896 million in 2017, compared with €2,511 million in 2016.

Acquisitions of property, plant and equipment and intangible assets totaled €1,956 million, versus €2,083 million in 2016. There were €1,388 million of acquisitions of property, plant and equipment (versus €1,219 million in 2016), most of which were in the Pharmaceuticals segment, primarily in industrial facilities. The Vaccines segment invested €346 million in property, plant and equipment in 2017 (versus €315 million in 2016). Acquisitions of intangible assets (€568 million, versus €864 million in 2016) mainly comprised contractual payments for intangible rights under license and collaboration agreements.

Acquisitions of investments during 2017 amounted to €1,312 million, net of cash acquired and after including assumed liabilities and commitments, compared with €634 million in 2016. In 2017, these included the acquisition of Protein Sciences (€594 million), our contribution to the Onduo joint venture (€50 million), and purchases of additional shares in Regeneron (€184 million).

After-tax proceeds from disposals (€535 million) arose mainly from the sale of mutual fund investments previously held to meet commitments under post-employment plans; divestments of Consumer Healthcare brands in the United States; and the divestment of Consumer Healthcare products to Ipsen (for €83 million).

Net cash inflow from the exchange of the Animal Health business for BI's Consumer Healthcare business comprised the following items for 2017: (i) the receipt by Sanofi of a balancing cash payment of €4,207 million; (ii) reimbursements of intragroup accounts with Merial entities totaling €967 million; (iii) a tax payment of €1,784 million on the gain arising on the divestment; and (iv) the cash held by the BI subsidiaries acquired by Sanofi. After final enterprise value adjustments, the exchange values of the two businesses effectively transferred during 2017 were determined to be €10,557 million for Sanofi's Animal Health business and €6,239 million for BI's Consumer Healthcare business.

Net cash used in financing activities amounted to €7,902 million in 2017, compared with €4,101 million in 2016. The 2017 figure includes net external debt finance repaid (i.e. net change in short-term and long-term debt) of €2,297 million; this compares with net external debt financing raised of €2,293 million in 2016. It also includes the effect of changes in share capital (repurchases of own shares, net of capital increases), amounting to €1,843 million (versus €2,603 million in 2016), and the dividend payout to our shareholders of €3,710 million (versus €3,759 million in 2016).

The **net change in cash and cash equivalents** during 2017 was an increase of €42 million.

2.8. CONSOLIDATED BALANCE SHEET AND DEBT

Total assets were €99,826 million as of December 31, 2017, compared with €104,672 million a year earlier, a decrease of €4,846 million.

Our **debt, net of cash and cash equivalents** was €5,229 million as of December 31, 2017, compared with €8,206 million as of December 31, 2016. We believe the presentation of this non-GAAP financial measure, which is reviewed by our management, provides useful information to measure our overall liquidity and capital resources. We define "debt, net of cash and cash equivalents" as (i) the sum total of short term debt, long term debt, and interest rate derivatives and currency derivatives used to hedge debt, minus (ii) the sum total of cash and cash equivalents and interest rate derivatives and currency derivatives used to hedge cash and cash equivalents. To assess our financing risk, we use the "gearing ratio", another non-GAAP financial measure. Our gearing ratio (debt, net of cash and cash equivalents as a proportion of total equity) fell from 14.2% in 2016 to 9.0% in 2017.

We expect that the future cash flows generated by our operating activities will be sufficient to repay our debt. The financing arrangements in place as of December 31, 2017 at Sanofi parent company level are not subject to covenants regarding financial ratios and do not contain any clauses linking credit spreads or fees to our credit rating.

Other key movements in the balance sheet are described below.

Total equity amounted to €58,258 million as of December 31, 2017, versus €57,724 million as of December 31, 2016. The net year-on-year increase in equity was attributable primarily to:

- increases: our net income for the year ended December 31, 2017 (€8,555 million); and
- decreases: the dividend payout to our shareholders in respect of the 2016 financial year (€3,710 million), the net change in currency translation differences (€3,240 million, mainly on the US dollar), repurchases of our own shares (€2,159 million), and actuarial losses on pensions and other post-employment benefits (€117 million).

As of December 31, 2017, we held 0.2 million of our own shares, recorded as a deduction from equity and representing 0.01% of our share capital.

Goodwill and ***Other intangible assets*** (€53,344 million in total) rose by €2,178 million year-on-year, the main factors being:

- increases: movements related to the acquisition of BI's Consumer Healthcare business (€2,222 million of goodwill and €3,771 million of other intangible assets); and
- decreases: amortization and impairment charged during the period (€2,311 million) and movements in currency translation differences (€3,315 million).

Investments accounted for using the equity method (€2,863 million) decreased by €27 million mainly as a result of currency translation differences on the investment in Regeneron, partly offset by acquisitions of additional Regeneron shares and our share of the net income of Regeneron.

Other non-current assets were €544 million higher at €3,364 million. The main movement during the year was an appreciation of €780 million (including currency translation effects) in the market value of our equity investment in Alnylam.

Non-current provisions and other non-current liabilities were €320 million higher year-on-year at €9,154 million, mainly as a result of the recognition at December 31, 2017 of the portion of the tax liability arising from the US tax reform that falls due after more than one year.

Deferred taxes represented a net asset of €2,685 million, a year-on-year increase of €308 million, mainly due to reversals of deferred tax liabilities on the remeasurement of acquired intangible assets (€1,084 million). The effect was partly offset by a reduction in accrued expenses and provisions that are tax-deductible at the time of payment, and the effects of reduced tax rates in France and the United States.

Liabilities related to business combinations and to non-controlling interests decreased by €207 million to €1,369 million. The main movements in this item are fair value remeasurements of contingent consideration payable to Bayer as a result of an acquisition made by Genzyme prior to the latter's acquisition by Sanofi.

3. Outlook

3.1. IMPACT OF COMPETITION FROM GENERICS AND BIOSIMILARS

Some of our flagship products continued to suffer sales erosion in 2017 due to competition from generics and biosimilars. We do not believe it is possible to state with certainty what level of net sales would have been achieved in the absence of generic competition.

A comparison of our consolidated net sales for the years ended December 31, 2017 and 2016 (see "– Results of Operations – Year Ended December 31, 2017 Compared with Year Ended December 31, 2016" below) for products affected by generic and biosimilar competition shows a loss of €1,570 million of net sales on a reported basis. Other parameters may have contributed to the loss of sales, such as a fall in the average price of certain products (e.g. Lantus®).

We expect the erosion caused by generic competition to continue in 2018, with a negative impact on our net income.

The products likely to be impacted include those that already faced generic competition in 2017, but whose sales can reasonably be expected to be subject to further sales erosion in 2018: Aprovel®, Lantus®, Lovenox®, Plavix® and Renagel®/Renvela® in Europe; Ambien®, Lantus®, Lovenox®, Renagel®/Renvela® and Taxotere® in the United States; and Allegra®, Amaryl®, Aprovel®, Lantus®, Myslee®, Plavix® and Taxotere® in Japan.

In 2017, the aggregate consolidated net sales of these products in countries where generic competition currently exists or is expected in 2018 amounted to €5,997 million; this comprises €3,300 million in the United States (including €2,542 million in net sales of Lantus® and €645 million in net sales of Renagel®/Renvela®), €2,047 million in Europe, and €650 million in Japan. The negative impact on our 2018 net sales is likely to represent a substantial portion of this amount, but the actual impact will depend on a number of factors such as the actual launch dates of generic products in 2018, the prices at which they are sold, and potential litigation outcomes.

3.2. 2018 OUTLOOK

At constant exchange rates, Sanofi expects 2018 business earnings per share (business EPS)(1) to grow between 2% and 5% at CER, including the anticipated contribution from the recently announced acquisitions, barring unforeseen major adverse events.

In 2017, business net income was €6,964 million, giving business EPS of €5.54 per share.

This guidance was prepared using accounting policies consistent with those used to prepare our historical financial information.

Certain information, assumptions and estimates are wholly or partly derived from or reliant upon judgments and decisions reached by Sanofi management that may be subject to change or adjustment in the future.

4. Definitions

4.1. NET SALES AT CONSTANT EXCHANGE RATES AND CONSTANT STRUCTURE BASIS

When we refer to changes in our net sales at constant exchange rates (CER), that means that we have excluded the effect of exchange rates by recalculating net sales for the relevant period using the exchange rates that were used for the previous period.

When we refer to changes in our net sales on a constant structure basis, that means that we eliminate the effect of changes in structure by restating the net sales for the previous period as follows:

- by including sales generated by entities or product rights acquired in the current period for a portion of the previous period equal to the portion of the current period during which we owned them, based on sales information we receive from the party from whom we make the acquisition;
- similarly, by excluding sales for a portion of the previous period when we have sold an entity or rights to a product in the current period; and
- for a change in consolidation method, by recalculating the previous period on the basis of the method used for the current period.

4.2. SEGMENT RESULTS

4.2.1. Business net income

We believe that understanding of our operational performance by our management and our investors is enhanced by reporting “business net income”. This non-GAAP financial measure represents business operating income, less net financial expenses and the relevant income tax effects. For prior year periods (2016 and 2015), “Business net income” consists of (i) “Business net income excluding Animal Health”, determined as described above and (ii) “Animal Health business net income”, determined on a similar and comparable basis.

We also report “business earnings per share”, a non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding.

(1) See “Definitions” section below.

Business net income is defined as ***Net income attributable to equity holders of Sanofi*** determined under IFRS, excluding the following items:

- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature);
- fair value remeasurement of contingent consideration relating to business combinations or divestments;
- other impacts associated with acquisitions (including impacts of acquisitions on investments accounted for using the equity method);
- restructuring costs and similar expenses(1);
- other gains and losses (including gains and losses on major disposals of non-current assets)(2);
- other costs and provisions related to litigation(2);
- the tax effects of the items listed above;
- the effects of major tax disputes;
- the 3% tax levied on the distribution of dividends to equity holders of Sanofi;
- the direct and indirect effects of the US tax reform enacted on December 22, 2017, and the consequences of the French Constitutional Council ruling of October 6, 2017 on the additional 3% levy on dividends paid out in cash;
- those Animal Health items that are not included in business net income(3);
- the portion attributable to non-controlling interests of the items listed above; and
- the impairment loss taken in 2016 against our equity investment in Alnylam, which reflected a decline in the market value of that investment as of December 31, 2016 relative to its historical cost, most of the decline having occurred when Alnylam decided to discontinue the revusiran development program on October 5, 2016.

Business net income also includes Sanofi's share of the business net income of Sanofi Pasteur MSD from the date when Sanofi and MSD announced their intention to end their joint venture.

The most significant reconciling items between our business net income and ***Net income attributable to equity holders of Sanofi*** relate to (i) the purchase accounting effects of our acquisitions and business combinations, particularly the amortization and impairment of intangible assets (other than software and other rights of an industrial or operational nature), and (ii) the impacts of events regarded as non-recurring, where the amounts involved are particularly significant. We believe that excluding those non-cash or non-recurring charges enhances an investor's understanding of our underlying economic performance, because we do not consider that the excluded charges reflect the combined entity's ongoing operating performance. Rather, we believe that each of the excluded charges reflects the decision to acquire the businesses concerned.

The principal purchase accounting effects of acquisitions and business combinations on net income are:

- amortization and net impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature), net of taxes and non-controlling interests; and
- the incremental cost of sales incurred on the workdown of acquired inventories remeasured at fair value, net of taxes.

We believe (subject to the limitations described below) that disclosing our business net income enhances the comparability of our operating performance, for the following reasons:

- the elimination of charges related to the purchase accounting effect of our acquisitions and business combinations (particularly amortization and impairment of finite-lived intangible assets, other than software and other rights of an industrial or operational nature) enhances the comparability of our ongoing operating performance relative to our peers in the pharmaceutical industry that carry those intangible assets (principally patents and trademarks) at low book values either because they are the result of in-house research and development that has already been expensed in prior periods or because they were acquired through business combinations that were accounted for as poolings-of-interest;
- the elimination of selected items – such as the incremental cost of sales arising from the workdown of acquired inventories remeasured at fair value in business combinations, major gains and losses on disposals, and costs and provisions associated with major litigation and any other major non-recurring items – improves comparability from one period to the next; and
- the elimination of restructuring costs and similar items enhances comparability because those costs are incurred in connection with reorganization and transformation processes intended to optimize our operations.

*(1) Presented in the line item **Restructuring costs and similar expenses** in the consolidated income statement.*
*(2) Presented in the line item **Other gains and losses, and litigation** in the consolidated income statement.*
(3) Comprises (i) impact of the discontinuation of depreciation and impairment of property, plant & equipment with effect from the start date of application of IFRS 5 (Discontinued and Held-for-Sale Operations) included in business net income; (ii) impact of the amortization and impairment of intangible assets until the start date of IFRS 5 application; (iii) costs directly incurred as a result of the divestment; and (iv) tax effects of items (i) to (iii).

We remind investors, however, that business net income should not be considered in isolation from, or as a substitute for, ***Net income attributable to equity holders of Sanofi*** reported in accordance with IFRS. In addition, we strongly encourage investors and potential investors not to rely on any single financial measure but to review our financial statements, including the notes thereto, carefully and in their entirety.

We compensate for the material limitations described above by using business net income only to supplement our IFRS financial reporting and by ensuring that our disclosures provide sufficient information for a full understanding of all adjustments included in business net income.

Because our business net income is not a standardized measure, it may not be directly comparable with the non-GAAP financial measures of other companies using the same or a similar non-GAAP financial measure.

4.2.2. Segment information

In accordance with IFRS 8 (Operating Segments), the segment information reported by Sanofi is prepared on the basis of internal management data provided to the Chief Executive Officer, who is the chief operating decision maker. The performance of those segments is monitored individually using internal reports and common indicators.

Sanofi acquired the Consumer Healthcare operations of BI on January 1, 2017, and during 2017 we gradually integrated those operations into our Consumer Healthcare Global Business Unit (GBU). Following completion of the integration process and with effect from December 31, 2017, we have identified our Consumer Healthcare business as an operating segment, the financial information for which is reported separately to, and reviewed separately by, our Chief Executive Officer. Up to December 31, 2017, the results of the Consumer Healthcare business were included in the Pharmaceuticals segment.

Consequently, as of December 31, 2017 Sanofi has three operating segments: Pharmaceuticals, Consumer Healthcare and Human Vaccines (Vaccines).

The Pharmaceuticals segment comprises the commercial operations of the following global franchises: Specialty Care (Rare Diseases, Multiple Sclerosis, Oncology, Immunology), Diabetes & Cardiovascular, Established Prescription Products and Generics, together with research, development and production activities dedicated to our Pharmaceuticals segment. This segment also includes all associates whose activities are related to pharmaceuticals, in particular our share of Regeneron.

The Consumer Healthcare segment comprises, for all geographical territories, the commercial operations for our Consumer Healthcare products, together with research, development and production activities dedicated to those products.

The Vaccines segment comprises, for all geographical territories (including from January 1, 2017 certain European territories previously included in the Sanofi Pasteur MSD joint venture), the commercial operations of Sanofi Pasteur, together with research, development and production activities dedicated to vaccines.

Inter-segment transactions are not material.

In addition, during 2017 we finalized a complete realignment of our internal management reporting to match our managerial structure. As a result, the costs of our global functions (Medical Affairs, External Affairs, Finance, Human Resources, Legal Affairs, Information Solutions & Technologies, Sanofi Business Services, etc.) are now managed centrally at group-wide level and are no longer allocated to operating segments for internal management reporting purposes. For the year ended December 31, 2017 and subsequent years, the costs of those functions will be presented within the “Other” category. That category also includes other reconciling items such as retained commitments related to divested activities.

Consequently, the analysis of our net sales performance provided above is presented in this report using our new segment reporting model. Segmental results for the year ended December 31, 2017 are also presented using the new model. However, due to lack of available data and the complex and significant adjustments that would be required (in particular to our reporting tools), the comparative information has not been restated to reflect the changes arising from our new segment reporting model. We have therefore also presented segment results for 2017 and comparative periods using our previous segment reporting model.

4.2.3 Segment results and business operating income

The table below sets forth our segment results for the **year ended December 31, 2017**, based on our **new segment reporting model**:

	December 31, 2017								
(€ million)	Pharma-ceuticals	as % of net sales	Consumer Healthcare	as % of net sales	Vaccines	as % of net sales	Other	Total Sanofi	as % of net sales
Net sales	**25,122**	**100.0%**	**4,832**	**100.0%**	**5,101**	**100.0%**	**-**	**35,055**	**100.0%**
Other revenues	287	1.1%	-	-	862	16.9%	-	1,149	3.3%
Cost of sales	(6,728)	(26.8)%	(1,648)	(34.1)%	(2,798)	(54.9)%	(271)	(11,445)	(32.6)%
Research and development expenses	(4,056)	(16.1)%	(123)	(2.5)%	(557)	(10.9)%	(736)	(5,472)	(15.6)%
Selling and general expenses	(5,750)	(22.9)%	(1,605)	(33.2)%	(698)	(13.7)%	(2,005)	(10,058)	(28.7)%
Other operating income and expenses	34		94		(107)		(17)	4	
Share of profit/(loss) from investments accounted for using the equity method	233		1		1			235	
Net income attributable to non-controlling interests	(117)		(8)		-			(125)	
Business operating income	**9,025**	**35.9%**	**1,543**	**31.9%**	**1,804**	**35.4%**	**(3,029)**	**9,343**	**26.7%**

The tables below set forth our segment results for the **years ended December 31, 2017 and December 31, 2016**, based on our **previous segment reporting model**:

	December 31, 2017			
(€ million)	Pharmaceuticals[(a)]	Vaccine[(b)]	Other	Total Sanofi
Net sales	**29,954**	**5,101**	**-**	**35,055**
Other revenues	287	862	-	1,149
Cost of sales	(8,628)	(2,817)	-	(11,445)
Research and development expenses	(4,835)	(637)	-	(5,472)
Selling and general expenses	(9,176)	(881)	(1)	(10,058)
Other operating income and expenses	180	(108)	(68)	4
Share of profit/(loss) from investments accounted for using the equity method	234	1	-	235
Net income attributable to non-controlling interests	(125)	-	-	(125)
Business operating income	**7,891**	**1,521**	**(69)**	**9,343**

(a) Includes Consumer Healthcare and an allocation of global support function costs.
(b) Includes an allocation of global support function costs.

	December 31, 2016			
(€ million)	Pharmaceuticals[(a)]	Vaccines[(b)]	Other	Total Sanofi
Net sales	**29,244**	**4,577**	**-**	**33,821**
Other revenues	274	613	-	887
Cost of sales	(8,349)	(2,353)	-	(10,702)
Research and development expenses	(4,618)	(554)	-	(5,172)
Selling and general expenses	(8,743)	(743)	-	(9,486)
Other operating income and expenses	(1)	(14)	(112)	(127)
Share of profit/(loss) from investments accounted for using the equity method	129	48	-	177
Net income attributable to non-controlling interests	(112)	(1)	-	(113)
Business operating income	**7,824**	**1,573**	**(112)**	**9,285**

(a) Includes Consumer Healthcare and an allocation of global support function costs.
(b) Includes an allocation of global support function costs.

4.2.4. Reconciliation of Business net income to Net income attributable to equity holders of Sanofi

The table below reconciles our business net income to ***Net income attributable to equity holders of Sanofi***:

(€ million)	2017[a]	2016[a]	2015[a]
Net income attributable to equity holders of Sanofi	**8,434**	**4,709**	**4,287**
Amortization of intangible assets[b]	1,866	1,692	2,137
Impairment of intangible assets	293	192	767
Fair value remeasurement of contingent consideration	159	135	(53)
Expenses arising from the impact of acquisitions on inventories	166	-	-
Restructuring costs and similar items	731	879	795
Impairment loss charged against the equity investment in Alnylam	-	457	-
Other gains and losses, and litigation[c]	215	(211)	-
Tax effects of the items listed above[d]:	(1,126)	(841)	(1,331)
related to amortization and impairment of intangible assets	*(719)*	*(694)*	*(1,019)*
related to fair value remeasurement of contingent consideration	*4*	*(24)*	*(39)*
expenses arising from the impact of acquisitions on inventories	*(52)*	-	-
restructuring costs and similar expenses	*(134)*	*(95)*	*(273)*
other tax effects	*(225)*	*(28)*	-
Other tax items[e]	742	113	111
Share of items listed above attributable to non-controlling interests	(4)	(22)	(25)
Investments accounted for using the equity method: restructuring costs and expenses arising from the impact of acquisitions	131	(9)	191
Items relating to the Animal Health business[f]	(4,643)	162	492
Other Sanofi Pasteur MSD items[g]	-	52	-
Business net income	**6,964**	**7,308**	**7,371**
Average number of shares outstanding (million)	1,256.9	1,286.6	1,306.2
Basic earnings per share (in euros)	6.71	3.66	3.28
Reconciling items per share (in euros)	(1.17)	2.02	2.36
Business earnings per share (in euros)	5.54	5.68	5.64

(a) The results of the Animal Health business for 2016, and the gain arising on the divestment of that business in 2017, are presented separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations).

(b) Includes amortization expense generated by the remeasurement of intangible assets in connection with business combinations: €1,726 million in 2017 and €1,550 million in 2016.

(c) For 2017, this line item mainly comprises a provision for a vendor's liability guarantee relating to a past divestment, and for 2016, the pre-tax gain on the divestment of Sanofi's interest in the Sanofi Pasteur MSD joint venture.

(d) For 2017, this line includes the impact of changes in corporate income tax rates, mainly in France (25% standard rate effective as of January 1, 2022). For 2016, this line includes the impact on deferred tax assets and liabilities arising from the reconciling items (in particular amortization and impairment of intangible assets, and restructuring costs) as a result of changes in corporate income tax rates, mainly in France (28% standard rate effective January 1, 2020) and in Japan.

(e) For 2017, this line comprises (i) the direct and indirect effects of the US tax reform (negative impact of €1,193 million) and (ii) the consequences of the French Constitutional Council ruling of October 6, 2017 on the additional 3% levy on dividends paid out in cash (positive impact of €451 million).

(f) For 2017, this line shows the gain arising on the divestment of the Animal Health business. For 2016, this line shows the elimination of (i) the impact of the discontinuation of depreciation and impairment of property, plant & equipment with effect from the start date of IFRS 5 application and included in business net income; (ii) the impact of the amortization and impairment of intangible assets until the start date of IFRS 5 application; (iii) costs directly incurred as a result of the divestment; and (iv) tax effects of items (i) to (iii).

(g) For 2016, this line shows the elimination of Sanofi's share of the business net income of Sanofi Pasteur MSD from the date when Sanofi and Merck announced their intention to end their joint venture.

CONSOLIDATED INCOME STATEMENT

(€ million)	2017[a]	2016[a]	2015[a][b]
Net sales	**35,055**	**33,821**	**34,060**
Other revenues	1,149	887	801
Cost of sales	(11,611)	(10,702)	(10,919)
Gross profit	**24,593**	**24,006**	**23,942**
Research and development expenses	(5,472)	(5,172)	(5,082)
Selling and general expenses	(10,058)	(9,486)	(9,382)
Other operating income	237	355	254
Other operating expenses	(233)	(482)	(462)
Amortization of intangible assets	(1,866)	(1,692)	(2,137)
Impairment of intangible assets	(293)	(192)	(767)
Fair value remeasurement of contingent consideration	(159)	(135)	53
Restructuring costs and similar items	(731)	(879)	(795)
Other gains and losses, and litigation	(215)	211	-
Operating income	**5,803**	**6,534**	**5,624**
Financial expenses	(420)	(924)	(559)
Financial income	147	68	178
Income before tax and investments accounted for using the equity method	**5,530**	**5,678**	**5,243**
Income tax expense	(1,722)	(1,326)	(709)
Share of profit/(loss) from investments accounted for using the equity method	104	134	(22)
Net income excluding the exchanged/held-for-exchange Animal Health business	**3,912**	**4,486**	**4,512**
Net income/(loss) of the exchanged/held-for-exchange Animal Health business	4,643	314	(124)
Net income	**8,555**	**4,800**	**4,388**
Net income attributable to non-controlling interests	121	91	101
Net income attributable to equity holders of Sanofi	**8,434**	**4,709**	**4,287**
Average number of shares outstanding (million)	1,256.9	1,286.6	1,306.2
Average number of shares outstanding after dilution (million)	1,266.8	1,296.0	1,320.7
■ Basic earnings per share (in euros)	6.71	3.66	3.28
■ Basic earnings per share excluding the exchanged/held-for-exchange Animal Health business (in euros)	3.02	3.42	3.38
■ Diluted earnings per share (in euros)	6.66	3.63	3.25
■ Diluted earnings per share excluding the exchanged/ held-for-exchange Animal Health business (in euros)	2.99	3.39	3.34

(a) The results of the Animal Health business, and the gain on the divestment of that business, are presented separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations).

*(b) Following a change in accounting presentation in 2016, VaxServe sales of non-Sanofi products are included in **Other revenues**. The presentation of 2015 **Net sales** and **Other revenues** has been amended accordingly.*

NON-CONSOLIDATED FINANCIAL DATA OF SANOFI (PARENT COMPANY) FOR THE LAST FIVE YEARS

(€ million)	2017	2016	2015	2014	2013
Capital at period-end					
Share capital	2,508	2,584	2,611	2,639	2,649
Number of shares in issue	1,254,019,904	1,292,022,324	1,305,696,759	1,319,367,445	1,324,320,881
Income statement data					
Net sales	517	406	403	339	298
Net income before tax and non-cash charges (depreciation, amortization and provisions)	3,701	4,398	9,202	3,392	4,006
Income tax	(387)	171	174	214	210
Employee profit-sharing	-	-	-	-	-
Net income after tax and non-cash charges (depreciation, amortization and provisions)	4,288	4,542	9,323	3,499	3,626
Dividends paid		3,824	3,759	3,694	3,676
Per share data (in euros)					
Net income after tax but before non-cash charges (depreciation, amortization and provisions)	3.26	3.27	6.91	2.41	2.87
Net income after tax and non-cash charges (depreciation, amortization and provisions)	3.42	3.52	7.14	2.67	2.74
Dividend per share (net)	3.03(1)	2.96	2.93	2.85	2.80
Employee data					
Number of employees at period-end	13	17	19	18	20
Payroll cost for the year	25	31	27	39	34
Employee benefits for the year (social security and other welfare benefits)	12	9	17	16	12

(a) Dividend submitted for approval at the present AGM (3rd resolution).

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REQUEST FOR ADDITIONAL DOCUMENTS AND INFORMATION

SANOFI

COMBINED GENERAL MEETING OF MAY 2, 2018

These documents are available on our corporate website:
(www.sanofi.com/AGM2018)

I, the undersigned

Surname or corporate name _____

First name _____

Address _____

Town/City _____

Zip code _____

Country _____

Owner of _____ registered shares of Sanofi,

Owner of _____ bearer shares of Sanofi (attach a copy of the shareholding certificate issued by your accredited intermediary),

hereby request to be sent the documents and information relating to the Combined General Meeting of May 2, 2018, as specified in Article R. 225-83 of the French Commercial Code.

Place of signature _____ Date of signature _____ 2018

Signature

Please send this form to BNP Paribas Securities Services

CTS Assemblées – Les Grands Moulins de Pantin – 9 rue du Débarcadère

93761 Pantin Cedex – France

or to your accredited intermediary.

NOTICE: In accordance with Article R. 225-88 of the French Commercial Code, owners of shares may require the Company to send them the documents and information specified in Articles R. 225-81 and R. 225-83 of the French Commercial Code in advance of all subsequent general meetings. If you would like to choose this option, please indicate on this request form that you wish to do so.

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Design and production: Donnelley Financial Solutions

SANOFI

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