

2019 INTEGRATED REPORT

Our responsibility for the  
**future**



**SANOFI**

# about the report

This report provides an overview of how our activities and investments lead to sustainable business performance and provide value for our stakeholders, including shareholders and investors, employees, authorities, non-governmental organizations, and environmental, social, and governance rating agencies.

The company's spirit of collaboration is reflected throughout the report, which provides a comprehensive picture of how we engage with our stakeholders when defining and delivering our business and responsibility objectives.

Our strategy of working collectively and building strong partnerships to tackle current and future major health issues is also outlined through our contribution to the United Nations Sustainable Development Goals.

We signed the fundamental principles of the United Nations Global Compact initiative in 2000 to establish a culture of integrity and a responsibility to people and planet, which we support through measurable efforts to create a workplace that embraces our employees' differences and our active engagement in saving the planet.

The report focuses on issues that reflect our most significant economic, environmental, and social impacts; issues that have been identified and evaluated through a rigorous materiality analysis process. It is informed by the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. References to additional sources are included throughout the report.

Who  
we are



What  
we stand for



Where  
we are going



Foreword by Paul Hudson	3
Our business model	4
Key trends transforming the pharmaceutical industry	6
Our risk management approach	9
Our value creation	10
Playing to win	12
Reinventing how we work	14
Embedding CSR into our strategy	15
A step into the future of making medicine	16
Acting for a sustainable and healthier future	18
Improving access to healthcare for all	20
Engaging with the community	23
Voices from the Lab	24
Inventing the future of medicine	26
Building the future of manufacturing	29

# Investment Outlook

# Who

we are



I was only at the helm of Sanofi for the last few months of 2019, and one of the things I quickly learned about the company is that we do a lot of great work that not many people know about. Our contributions to society are one of these well-kept secrets.

We are driven by a dual purpose: to do well and to do good at the same time. We do well when our medicines and vaccines reach people who need them. With our new strategy, our focus has been sharpened and we intend to leverage great science to change the practice of medicine. We are bolstering our R&D engine and building the future of manufacturing to help us better achieve our purpose of improving people's health around the world.

At the same time, we do good when our contribution to society is maximized throughout our activities, whether by reducing our environmental footprint, building an inclusive and diverse company reflective of society, or improving access to care. This is why we have again renewed our support of the United Nations Global Compact initiative and principles – and we will continue to pursue a dual purpose in our work in 2020 and beyond.

As the COVID-19 virus spreads, we are doing everything we can to develop vaccines and medicines to help address the pandemic, keep the public informed about the work underway, and ensure that the lessons learned help spark positive and lasting change. What we do now has never been so important to society and healthcare systems.

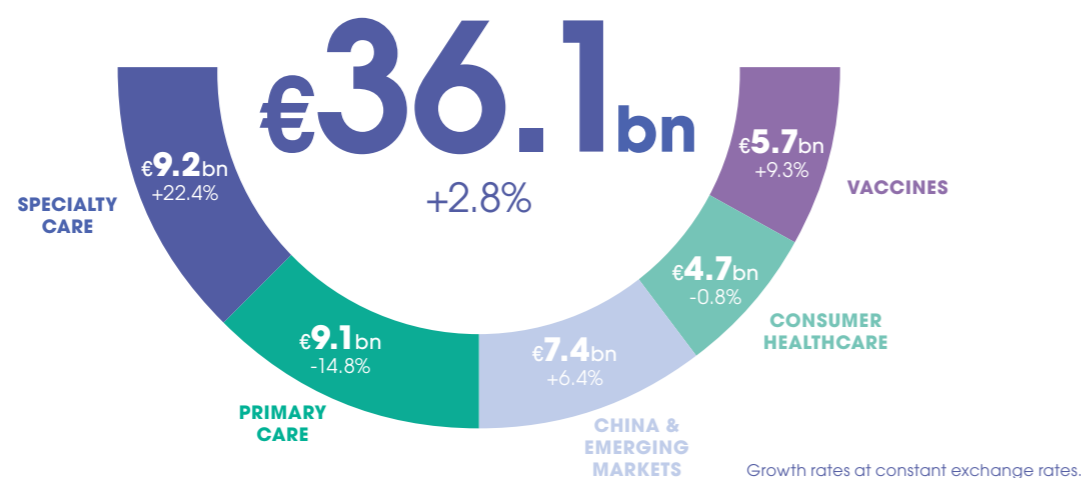
**Paul Hudson,**  
Chief Executive Officer

 [Read more about our response in the fight against COVID-19 on page 20.](#)

STRUCTURE

# Our business model

## 2019 COMPANY SALES

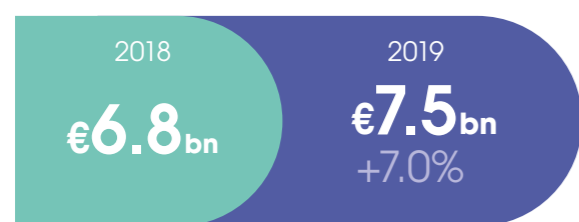


### ORGANIZATION BY GLOBAL BUSINESS UNIT (GBU)

In 2019, our Primary Care and Specialty Care GBUs were focused exclusively on mature markets. Sales of Specialty Care and Primary Care products in emerging markets were included within the net sales of our China & Emerging Markets GBU.

In December 2019, Sanofi announced plans for a new GBU organization. From the first quarter of 2020, Sanofi will be organized into three core GBUs (subject to completion of consultation with employee representatives): Specialty Care, Vaccines, and General Medicines. The Consumer Healthcare GBU will become a standalone business unit (for further information please refer to page 13).

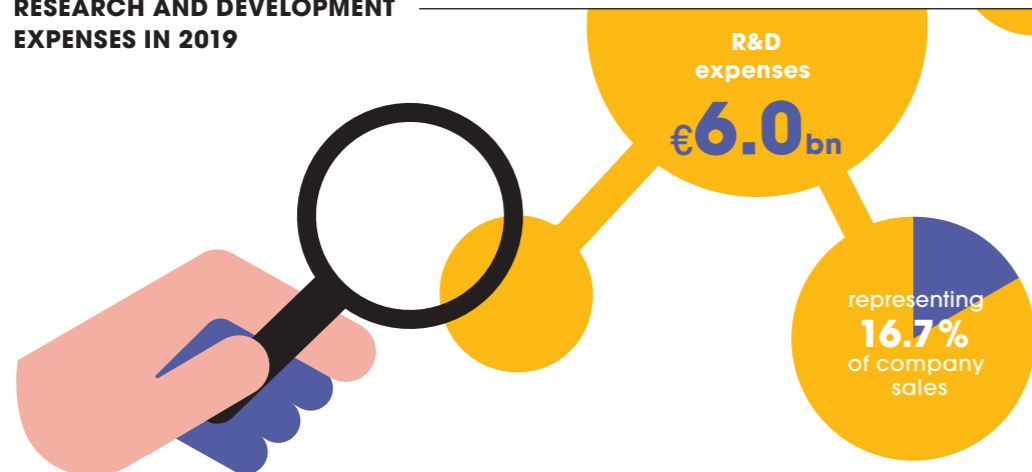
### BUSINESS NET INCOME



### BUSINESS EARNINGS PER SHARE



### RESEARCH AND DEVELOPMENT EXPENSES IN 2019

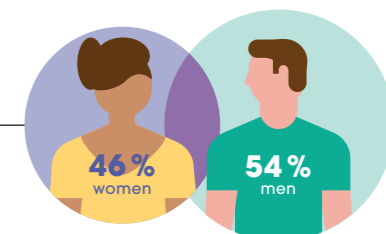


## WHERE WE ARE

Present in more than **100 countries**



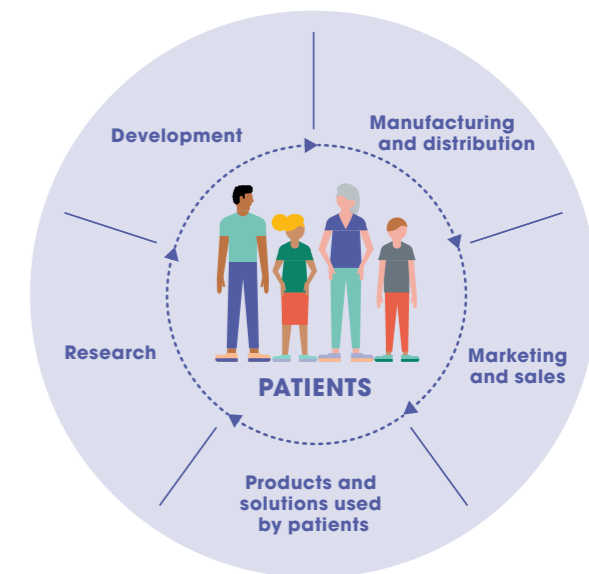
### WORKFORCE



### CUSTOMERS



### VALUE CHAIN



### SUPPLIERS



All figures as of December 2019, unless otherwise indicated. All growth rates are expressed at constant exchange rates (CER). On a reported basis, sales were up 4.8%, business net income was up 9.8% and business EPS was up 9.5%. For the definition of financial indicators, please consult the press release issued on February 6, 2020.

TRENDS AND ISSUES

# Key trends transforming the pharmaceutical industry

As an organization embedded in a complex, constantly evolving environment, we strive to anticipate and adapt to key trends that are transforming society. We have identified several issues that are creating challenges and opportunities, driving rapid change, as well as a reorganization of the healthcare industry.

## Economic

- **The global pharmaceutical market** is expected to grow at an annual rate of 3-6% in the coming years, with specialty care spending reaching 50% by 2023 in most developed markets.<sup>(1)</sup>
- **Pressures across the entire healthcare value chain on funding, budget caps and affordability** are resulting in reforms in many countries, with politicians, patients and payers demanding more value from innovation, affordable medicines and new access models.
- **Technological advances** have opened the door to non-traditional players in healthcare, fueling competition and growth of new collaborations.
- **Income disparities** in some of the world's most populous countries, including China, India, the US and Indonesia. Despite declining global poverty rates, wealth remains highly concentrated among a small percentage of the world's population.

## Demographic

- **A growing and rapidly aging population combined with prevailing unhealthy lifestyles** have led to a growing number of patients suffering from chronic diseases.
- **Rapid urbanization and an expanding and affluent middle class** in developing countries have led to a rising demand for better healthcare.

(1) Source: "The Global Use of Medicine in 2019 and Outlook to 2023", IQVIA Institute Report.

## Materiality Analysis

These trends inform civil society and stakeholders' expectations of Sanofi. A materiality analysis—an approach to identifying critical economic, environmental and social matters—helps rank the most important issues and is a key driver behind the company's strategy and ambitions. In 2019, we refreshed our materiality matrix for our Statement of Extra-Financial Performance.



Source: Based on external benchmarks and internal assessment.



## Technological

- **Digitalization** represents an opportunity to offer more personalized healthcare for the prevention, diagnosis and monitoring of diseases.
- **Artificial intelligence and big data** optimize digital engagement with customers and patients and improve the effectiveness of clinical trials, while generating new insights into diseases and treatment delivery.
- **The promise of genomics and the transformative effect of immuno-oncology on cancer treatments** improve the understanding of diseases and the advancement of gene-based therapies for rare diseases and oncology.
- **The advancement of biosimilars** (a biological product highly similar to an approved biologic with no clinical differences), especially in the US and Europe is changing the way medicine is practiced. Competition in biosimilars is expected to increase three-fold by 2023.<sup>(1)</sup>

## Social and environmental

- **Proactive, better-informed patients** are enabled to make decisions about their care.
- **The scale of infectious and non-communicable diseases** continues to call for crucial, new treatments and better access to healthcare.
- **Climate change** increases health risks to populations worldwide through extreme weather conditions, rising levels of pollution and disease, and a lack of sufficient clean water and food.
- **Environmental and social impacts** are increasingly seen by stakeholders as a company's responsibility.
- **Transparency expectations** are rising as stakeholders demand more transparency on topics such as ethics and clinical trial results, leading to new regulatory requirements and increased need for dialogue.

## Extra-financial performance

SANOFI RANKINGS & SCORES - 2018/2019		
	<b>DJSI</b> Included in 2019 DJSI World for the 13 <sup>th</sup> consecutive year Included in the DJSI Europe	<b>Score: 82/100</b> 3 <sup>rd</sup> among 61 pharmaceutical companies
	<b>MSCI</b>	<b>Score: A</b> (Scale from CCC to AAA) 3 <sup>rd</sup> among the 5 largest pharmaceutical companies
	<b>Sustainalytics (2018)</b>	<b>Score: 71/100</b> 4 <sup>th</sup> among 160 pharmaceutical companies
	<b>Global 100</b> <b>Clean 200</b>	28 <sup>th</sup> among 100 <sup>(2)</sup> 22 <sup>nd</sup> among 200 (all industry sectors)
	<b>ISS ESG<sup>(3)</sup></b>	<b>Score: B</b> (Scale from D- to A+) Sanofi among top 3 pharmaceutical leaders
	<b>FTSE4Good</b>	<b>Score: 4.4/5</b>
	<b>CDP Climate Change</b> <b>CDP Water</b>	<b>Score: B</b> <b>Score: A-</b>
	<b>ATM index (2018)</b>	7 <sup>th</sup> among 20 pharmaceutical companies

(2) Sanofi ranks 1<sup>st</sup> in pharmaceutical sector.  
 (3) ISS ESG acquired Oekom rating agency in 2018.

... The table below illustrates Sanofi's contribution to the United Nations Sustainable Development Goals.

	AMBITION	2019 PERFORMANCE	2018 PERFORMANCE	SDG
<b>Access to healthcare for the underserved</b>	Contribute to eliminating sleeping sickness by 2020.	First orders of fexinidazole arrived in Democratic Republic of the Congo (DRC) for the implementation of treatment campaigns (Dec 2019).	Marketing authorization obtained for fexinidazole in DRC.	
	Contribute to polio eradication by 2023.	In 2019, Sanofi supplied 83 million doses of Inactivated Polio Vaccine to UNICEF and GAVI eligible countries making it possible to immunize an estimated 70 million children against polio, representing 87% of children born in GAVI countries. <sup>(1)</sup>	An average of 40 million children vaccinated every year with Sanofi Pasteur Imovax Polio vaccine in GAVI countries between 2016 and 2018.	
	Contribute to reducing the burden of non-communicable diseases such as childhood cancer and diabetes in low- and middle-income countries.	More than 85,000 children and approximately 2,700 teachers and other school staff benefited from the KiDS program in 2019.  Since the launch of My Child Matters, 75 projects in 48 countries have led to the training of more than 25,000 healthcare professionals and the treatment of more than 85,000 children.	More than 45,000 children and approximately 4,400 teachers and other school staff benefited from the KiDS program in 2018.  Since the launch of My Child Matters, 58 projects in 42 countries have led to the training of more than 20,000 healthcare professionals and the treatment of more than 75,000 children.	
<b>Carbon footprint (CO<sub>2</sub> emissions)</b>	Reduce greenhouse gas emissions (CO <sub>2</sub> equivalent) by 50% by 2025 (relative to 2015).	-12%	-9%	
<b>Water</b>	Reduce water consumption by 10% by 2020 (relative to 2015).	-19%	-14%	
	Management plan at all sites by 2025 (priority to those in water stress zones).	4 priority sites identified in water stress zones. 13 sites under vigilance.	Study on sites' projections in terms of water stress launched at the end of 2018.	
<b>Pharmaceuticals in the environment</b>	Monitoring, management and reduction of emissions on all production sites by 2025.	75% of priority production sites with a specific management plan.	All chemicals facilities evaluated, pharmaceutical site evaluations ongoing.	
<b>Waste</b>	Recycle, reuse or recover at least 90% of waste generated by 2025.	75%	73%	
	Reduce landfill waste to less than 1% by 2025.	8%	8%	
<b>Biodiversity</b>	Biodiversity awareness plan on all sites.	Sanofi World Environment Day.	Sanofi World Environment Day.	
<b>RESPONSIBLE CITIZEN</b>				
<b>Communities</b>	In France, recruit 10% of apprentices from priority neighborhoods <sup>(2)</sup> by 2020.	6.4%	6.6%	
<b>Employee health and safety</b>	Reduce the total accident frequency rate-all employees-to less than 2 by 2020.	2.1	2.4	
	Reduce the lost-time accident frequency rate-all employees-to less than 1.4 by 2020.	1.5	1.8	
<b>EMPOWERING AND TRUSTWORTHY COMPANY</b>				
<b>Gender balance</b>	Achieve a balanced representation of men and women senior leaders within the company by 2025.	37.2% of Sanofi's top 2,000 executives are women	35.5% of Sanofi's top 2,000 executives are women	

(1) Gavi, The Vaccine Alliance. (2) Under the French government's urban renewal policy.

Find out more in the Chapter 4 of the Registration Document (URD).

RISK MANAGEMENT

# Our risk management approach

Sanofi operates in an increasingly uncertain and complex environment. Our robust risk management process contributes to the protection of company assets and value creation.

## Managing actual risks

For every risk the company identifies, operational leaders are committed to establishing response plans aimed at reducing risks to an acceptable level. They consist of preventive actions to address causes, or corrective actions to mitigate potential consequences. To anticipate and prepare for potential threats, scenarios are used to raise management awareness of how risks may become reality. For the most significant dangers, effective implementation of response plans is regularly reviewed and challenged by a dedicated Risk Committee chaired by an Executive Committee member.

To focus on what may impact the company's ability to execute its strategy, steps are taken every year to revise the list of risks and their assessment. Risks are assessed according to their severity for our patients, reputation and business, their likelihood and their level of control. This practice is carried out for risks across the company, as well as for those specific to business units and functions. Risk factors presented in the Universal Registration Document, section 3.1.9 and Item 3.D. of the annual report on Form 20-F reflect the most significant risks identified through our risk management process.

## Identifying and anticipating emerging risks

In addition to existing risks, we face the challenges of a rapidly changing environment, increasingly volatile economic, market and social conditions and the rise of new technologies. So, we have developed a specific approach to identify threats and opportunities from long-term trends, and to rank them based on likelihood, potential consequences, and how quickly they could impact the company, in order to develop early responses. For example, digitalization will contribute to the transformation of the pharma business model. Geopolitical and social instability might have a significant impact on our business in at-risk regions or countries.

Sanofi Risk Management observed multiple warning signs about global trade during 2019, such as social unrest in France or protectionist tensions between the US and China. We therefore decided to conduct a deep dive. We measured the geopolitical risk exposure of countries where Sanofi operates and combined that with our footprint in terms of people, industrial and distribution sites, product inventories and flows, and sales. For this purpose, we pooled the scorings used by functions, such as Corporate Security, Insurance or Finance into an aggregated score. Several scenarios were investigated and presented to our Risk Committee. As a result, Sanofi Risk Management issued a recommendation to one of our Global Business Units that helped influence the choice of location for a new strategic industrial site.

## Ethics and transparency

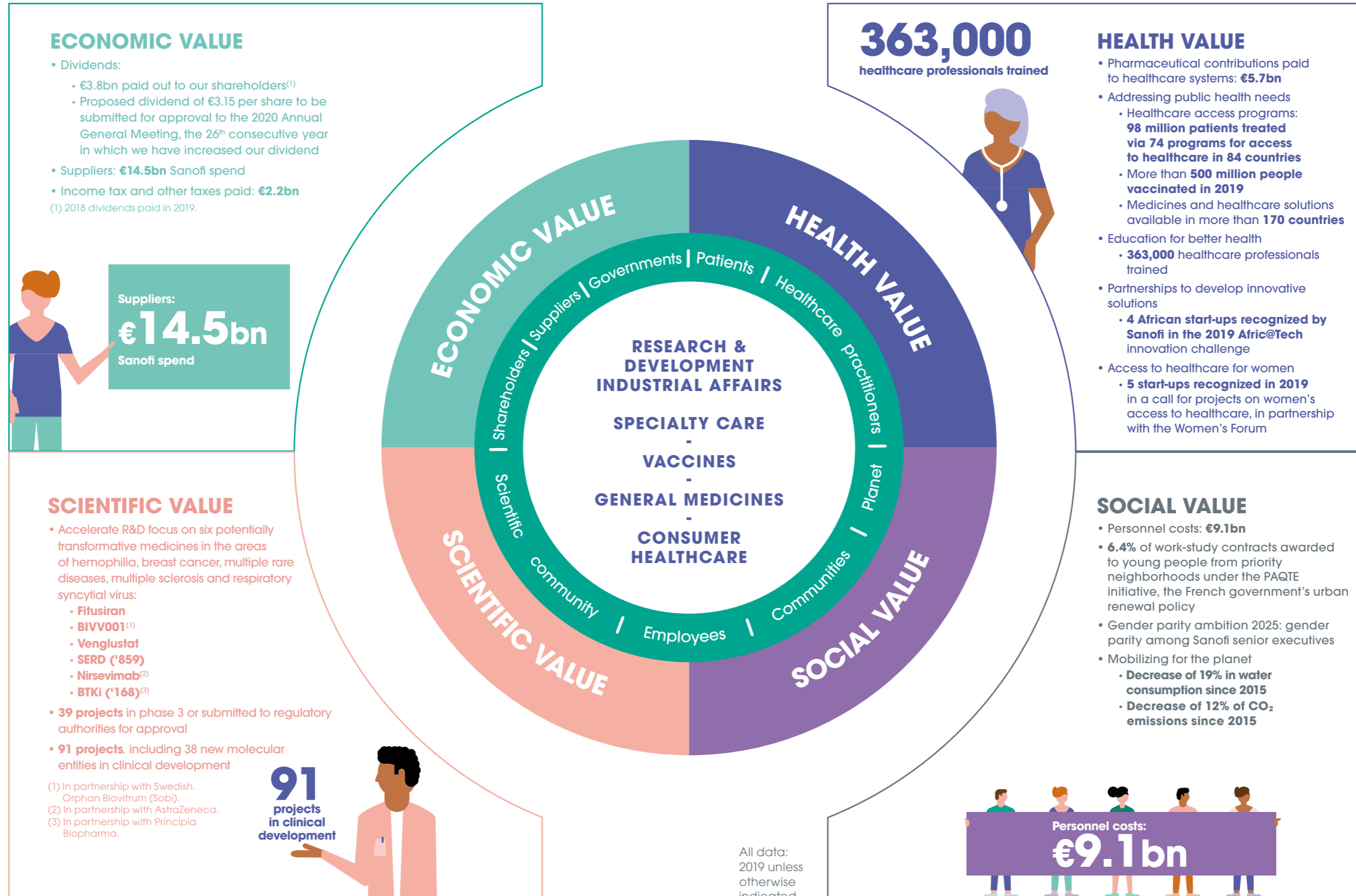
Our commitment to ethics and transparency is key to earn and maintain the trust of our stakeholders. It encompasses how we promote and respect human rights in our business activities, how we protect patients with robust quality and pharmacovigilance processes, how we approach medical ethics and bioethics and how we support ethical values in daily business activities.

Find out more at: [sanofi.com/ethics-and-transparency](https://sanofi.com/ethics-and-transparency)



# Our value creation

We are building on our solid fundamentals to create long-term value for our stakeholders as a sustainable business partner and a good corporate citizen, using science and innovation to help deliver better health for all.



STRATEGY

# Playing to win

In December 2019, CEO Paul Hudson unveiled the company's new strategic framework, **Play to Win**, to drive growth and unleash fresh inspiration across all Sanofi's activities. The strategy is based on four key priorities: growth, a pipeline of potentially transformative drugs, efficiency, and how we work.

*"Our new strategy positions us to achieve breakthroughs with our most promising medicines. I'm confident we will deliver long-term growth and value for our shareholders, while turning innovation into transformative therapies for patients."*

Paul Hudson, Chief Executive Officer

## Focus on growth

Our portfolio focuses on three key growth drivers.

- **Dupixent®** (dupilumab)<sup>(1)</sup> is expected to deliver strong growth. This transformative medicine for type 2 inflammatory diseases is already available for patients with moderate-to-severe atopic dermatitis, asthma and chronic sinusitis with nasal polyps. It could have significant potential in connected respiratory and dermatologic indications.
- **Vaccines** are expected to deliver growth through a wide portfolio of products, market expansion and new launches.
- **Pipeline**-R&D has identified and prioritized six potentially transformative therapies, with expected submission dates starting in 2021.

Additional core drivers include treatments in oncology, hematology, rare diseases and neurology, and a strong presence in China, our second largest market after the US.

## Lead with a pipeline of potentially transformative drugs

We have prioritized six potentially practice-changing therapies in our pipeline for large numbers of patients in need of life-changing treatments.

- **Fitusiran** is developed for the treatment of hemophilia A and B with or without inhibitors (antibodies that prevent factor therapy from being effective).
- **BIVV001**<sup>(2)</sup> has the potential to deliver unprecedented protection for people with hemophilia A.
- **Venglustat** is an oral therapy with potential in lysosomal storage disorders, a group of rare genetic conditions caused by enzyme deficiencies, and beyond.
- **SERD ('859)** is an oral therapy that aims to be the new standard of care in hormone-receptor-positive breast cancer.



- **Nirsevimab**<sup>(3)</sup> is a monoclonal antibody that has the potential to prevent respiratory syncytial virus.
- **BTKi ('168)**<sup>(4)</sup> is a potential oral disease-modifying therapy for multiple sclerosis.

## Accelerate efficiency

We expect to generate €2 billion in savings by 2022 in order to fund investments in those areas driving growth and support the increase in our business operating income margin.

The savings are expected to result primarily from:

- limiting spending on de-prioritized businesses, notably research in diabetes and cardiovascular (DCV) and optimizing the commercial model for DCV and rheumatoid arthritis;
- smart spending initiatives in procurement; and

- operational excellence in manufacturing and organizational productivity.

## Reinvent how we work

In 2020, we will be structured into three global business units<sup>(5)</sup>: Specialty Care, Vaccines, and General Medicines. Each business unit will be responsible for worldwide regions and include the contribution from sales of its products in emerging markets.

Consumer Healthcare (CHC) will be a standalone business unit, with integrated R&D and manufacturing plus dedicated support functions and IT. The aim is to enhance the speed and agility of this business and to accelerate digital transformation, all of which are critical if we are to remain competitive in CHC.

## Inspired to be socially responsible

Our Corporate Social Responsibility strategy meets high standards of ethics and transparency and is based on:

- improving access to healthcare for underserved patients through our dedicated Global Health team and entities, such as the Sanofi Espoir Foundation;
- working alongside communities to create a sustainable ecosystem and engage employees to develop young people and future generations; and
- integrating environment and climate change issues into our decision-making processes.

(1) In partnership with Regeneron.  
 (2) In partnership with Swedish Orphan Biovitrum (Sobi).  
 (3) In partnership with AstraZeneca.  
 (4) In partnership with Principia Biopharma.  
 (5) Subject to completion of the appropriate social processes.



ORGANIZATION

# Reinventing how we work

In 2020, we plan to implement a new Global Business Unit (GBU) organization to support the company's strategy, Play to Win.<sup>(1)</sup>

The **Specialty Care** GBU brings together our Immunology, Rare Diseases, Rare Blood Disorders, Neurology & Multiple Sclerosis, and Oncology franchises. Within each of these therapeutic areas, we are tackling complex and debilitating diseases that are often difficult to diagnose and treat; our one constant is to keep science and patients at the center of our work.

The new **General Medicines** GBU will be created from the existing Primary Care and China & Emerging Markets GBUs. It will include Diabetes, Cardiovascular and Established Products and ensure that this diversified portfolio of treatments raises the standard of care for patients worldwide.

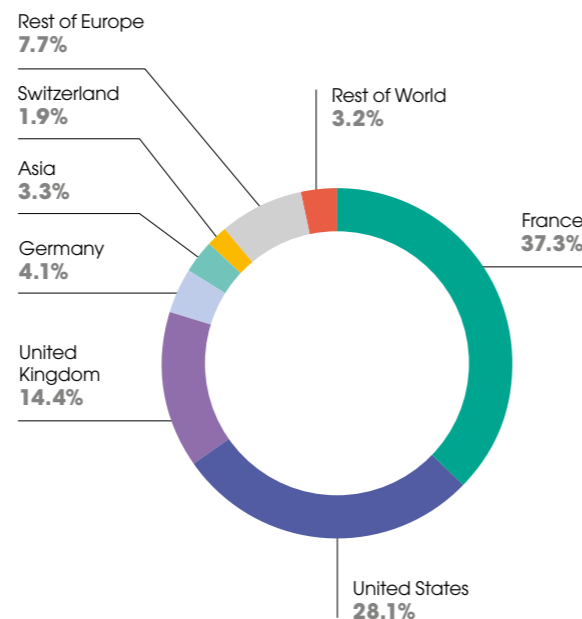
Sanofi's **Vaccines** GBU has strong expertise in influenza, polio/pertussis/Hib, boosters and meningitis. Its pipeline includes a vaccine candidate for the respiratory syncytial virus that can cause severe lung infections in children.

### A standalone business

The **Consumer Healthcare** GBU provides self-care solutions in four main categories: allergy, cough and cold; pain; digestive health; and nutritionals. The standalone structure is expected to unlock value and entrepreneurial energy to drive faster growth.

### INTERNATIONAL SHARE OWNERSHIP

Shares by geographic origin as of December 31, 2019



(1) Subject to completion of the appropriate social processes.

GOVERNANCE

# Embedding CSR into our strategy

The Board of Directors and its committees are dedicated to long-term value creation while considering the social and environmental impacts of our operations.

### Board of Directors

The Board's primary mission is to determine our strategic direction and is subject to evaluation every year. It is composed of 16 directors, including the Chairman and two employee representatives. At our next annual shareholders' meeting, the Board of Directors will propose the appointment of two new independent directors, Rachel Duan and Lise Kingo. They are being put forward to replace Claudie Haigneré, whose term of office will not be renewed after having served 12 years on the Board of Directors, and Suet-Fern Lee, who has decided to retire and thus resign from her directorship before our next shareholders' meeting.

### Advisory Committees:

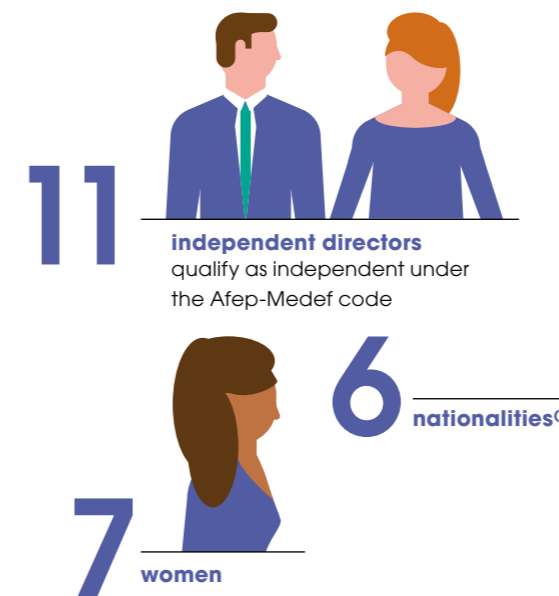
- Audit Committee
- Compensation Committee
- Appointments, Governance and CSR Committee
- Strategy Committee
- Scientific Committee

The Appointments, Governance and CSR Committee extended its scope in March 2019, and now ensures that CSR issues are embedded in our strategy. It ensures that our commitments and policy orientations are consistent with stakeholders' expectations. In 2019, the committee reviewed our CSR policy and those of our main competitors to discuss new directions.

### Executive Committee

The Executive Committee implements strategic decisions made by the Board of Directors and is responsible for the company's operational performance.

In 2020, we adopted a leaner configuration to foster agility and speed in decision making. The Chief Executive Officer will lead a group of ten Executives: the GBU Heads for Specialty Care, General Medicines, Vaccines, and Consumer Healthcare; the global Heads of R&D, Industrial Affairs, Finance, Human Resources and Legal; and the Chief Digital Officer.



The roles of **Chairman of the Board** and **Chief Executive Officer** are separate. The Board is assisted by five specialized committees to help make decisions.

(1) As of December 2019.

In 2019, we changed the terms of the Chief Executives Officer's compensation package by introducing an individual CSR performance criterion, which comes in addition to financial, operational and social criteria aligned with the CEO's objectives of creating shareholder value.



Find out more in the 2019 annual report on Form 20-F, the Universal Registration Document and at [sanofi.com/Board](http://sanofi.com/Board)

# What

we stand for

## A step into the future of making medicine

In October 2019, we celebrated the grand opening of our Framingham, Massachusetts, digitally enabled manufacturing facility in the US, one of the first of its kind in the world, making our industrial capabilities as innovative as the medicines in our pipeline.

The new facility is **80 times more productive** and has the potential to make medicines for **twice the number of patients** per year than a traditional factory, while its smaller footprint significantly reduces the impact on the environment. The transition to single-use technologies, which replace the largescale, fixed stainless steel equipment, reduces the need to clean equipment with water, chemicals, and solvents by more than 90% per year. The new technology also results in 80% less CO<sub>2</sub> emissions and energy consumption, and makes a saving of 321 tons of waste every year.



[Sanofi.com/Future-of-making-medicine](https://www.sanofi.com/Future-of-making-medicine)



ENVIRONMENT

# Acting for a sustainable and healthier future

The World Health Organization (WHO) expects that between 2030 and 2050 climate change will cause an estimated 250,000 additional deaths each year. Sanofi embeds issues around climate change into its culture by building them into decision-making processes, and measuring and limiting the impacts of its operations.

## Our environmental strategy

From the raw materials we use in our products to their potential end-of-life impact on human health and the environment, we strive to reduce the potentially direct and indirect impact of our activity.

Since 2015, the Planet Mobilization roadmap has focused around the following themes:

- **mitigate climate change and aim for carbon neutrality by 2050**, by committing Sanofi to the path of maintaining global warming below 2°C;
- **limit our environmental footprint and target circular solutions** that optimize the use and reuse of resources and reduce the impact of our emissions;
- **improve the environmental profile of our products** by delivering eco/innovative products that carry our environmental ambitions and promote the sustainable use of medicines; and
- **preserve the biodiversity of every facility** by implementing biodiversity awareness plans.

## Carbon footprint

### Improve energy efficiency and promote the use of renewable energies

Sanofi is committed to implementing an energy efficiency approach and to decarbonizing its energies by promoting the use of lower-carbon energies in projects and by purchasing electricity from certified renewable sources.

## Water consumption

### A sustainable renewable resource

Clean water is essential for good health and its availability is becoming a challenge for mankind. Sanofi is committed to managing this resource responsibly, by implementing tailor-made water management plans for production sites. Specific attention is given to priority sites located in areas where water is scarce.

## Pharmaceuticals in the environment

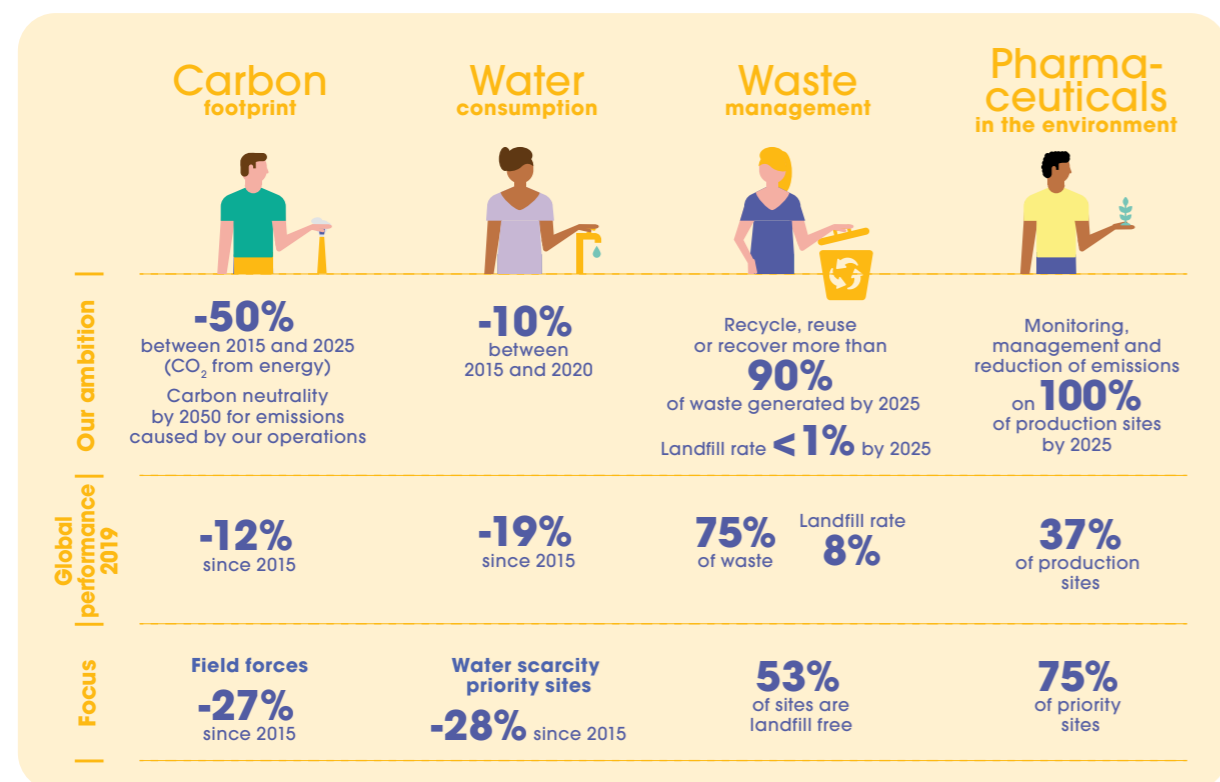
### Evaluate the potential impact of our products

We have deployed several action plans to limit environmental impacts linked to the release of substances. We also strive to control effluents, by implementing various programs to monitor and reduce at source the quantities discharged, as well as to set up advanced treatment on site when necessary.

## Waste management

### Towards circular economy

The key element of our waste management policy is to reduce the generation of waste at the source and then systematically reuse or recycle before considering any other treatment, such as incineration with energy recovery. Landfilling remains a last resort and is subject to controls. As an example, waste such as solvents is reprocessed on site to be reused.



## Mobilize our people

Not only does Sanofi make sure its activities cause as little collateral environmental damage as possible, its employees also act positively to save the planet. On World Environment Day in June, Sanofi's employees come out in force with actions to build a safer and greener planet.

Last year, employees across more than 130 sites in 60 countries used the international day to focus on waste through the "3R" principle: Reduce, Reuse, Recycle.

Local initiatives, such as beach cleaning, single-use plastic reduction, waste sorting and composting show the company's embedded environmental culture.

BETTER HEALTH FOR ALL

# Improving access to healthcare for all

As a responsible company, we act where the needs are greatest and where we can have maximum impact. Together with our employees and partners, we help provide better health for all.

## Our response in the fight against COVID-19

As the COVID-19 pandemic spreads around the world, Sanofi is collaborating with governments and health agencies to develop vaccines against the virus, while also testing treatment options using existing medicines in clinical trials to determine safety and efficacy. To slow the spread of the virus, all of our employees are working from home, with the exception of business-critical teams, such as Industrial Affairs, that work to ensure the manufacture and supply of medicines and vaccines that are essential to patients.

Key initiatives launched in March 2020 include:

- collaboration with the US Department of Health and Human Services' Biomedical Advanced Research and Development Authority, to advance development of a vaccine;
- collaboration with Translate Bio to jointly develop a novel vaccine candidate against COVID-19;
- start of a clinical trial program in collaboration with Regeneron, evaluating Kevzara® (sarilumab) with patients hospitalized with severe COVID-19;
- start of clinical trials evaluating Plaquenil® (hydroxychloroquine) in the management of COVID-19 (US, Europe), and support to the World Health Organization by providing hydroxychloroquine to the investigator sites for the conduct of the *Solidarity* clinical trial; and
- collaboration with French institutions and hospitals to accelerate clinical research to stem the epidemic in France.

Read more at: [sanofi.com/Covid19](https://sanofi.com/Covid19)

## Fighting infectious diseases

We have developed substantial expertise in the field of certain infectious diseases and are committed to contributing to their eradication, elimination and control.

### Breakthrough in sleeping sickness

Nearly 65 million people are at risk of contracting this parasitic disease, which is transmitted by a bite from an infected tsetse fly. Without early diagnosis and treatment, the parasite invades the central nervous system and the resulting disease is usually fatal. Since 2001, Sanofi has contributed to the WHO's target of the disease elimination as a public health problem by 2020. Thanks to an active collaboration between different public and private actors, the number of cases of sleeping sickness decreased from 26,950 in 2001 to 977 in 2018.

An innovative partnership with the non-profit Drugs for Neglected Diseases initiative (DNDi) has resulted in the development of a **new oral treatment called fexinidazole**.

The drug received marketing approval from the Democratic Republic of the Congo in December 2018. A year later, in December 2019, the first orders of fexinidazole arrived in the country's capital, Kinshasa. In order to support international efforts, Sanofi donates the drug.



[Sanofi.com/Sleeping-sickness](https://sanofi.com/Sleeping-sickness)



[https://youtu.be/ecHF5x\\_KJlk](https://youtu.be/ecHF5x_KJlk)

### Contributing to a polio free world

Sanofi has been a partner of the Global Polio Eradication Initiative (GPEI) for over 25 years alongside key partners, including UNICEF, CDC, Rotary International, and the Bill and Melinda Gates Foundation. Since 1988, more than two billion children around the world have been immunized against polio. The number of acute flaccid paralysis



cases due to the poliovirus has decreased by over 99% from an estimated 350,000 cases in 1988 to 125 cases in 2019, which were caused by the wild poliovirus type 1 in Afghanistan and Pakistan. As a result, more than 18 million people have been saved from paralysis.

As the leading supplier of polio vaccines, Sanofi has produced more than 6 billion doses of Oral Polio Vaccine (OPV) and 1.5 billion doses of Inactivated Polio Vaccine (IPV).

In 2019, Sanofi supplied 83 million doses of IPV to UNICEF and countries eligible for support from Gavi, the Vaccine Alliance (GAVI), which will potentially immunize an estimated 70 million children against polio, representing 87% of children born in GAVI countries.



[Sanofi.com/Polio-eradication](https://sanofi.com/Polio-eradication)

### A long-standing commitment to the fight against malaria

Malaria, a life threatening, preventable and curable disease, remains the fourth biggest cause of death among communicable diseases in low income countries<sup>(1)</sup>. For decades, **we have played a key role in fighting malaria** in low and middle-income countries with a comprehensive range of drugs and disease awareness programs.

Despite significant multi-sectoral efforts, malaria remains a key challenge in many endemic countries<sup>(1)</sup>.

We are stepping up to the fight by:

- continuing to provide the only hemi-synthetic artemisinin combination therapy (ACT) with sustainable pricing and safety stock for all patients with uncomplicated *Plasmodium falciparum* malaria infection;
- developing a prequalified primaquine formulation suitable to children;
- providing the first prequalified artemether injectable for patients with severe malaria who do not have access to first line treatment; and
- strengthening disease awareness efforts with innovative and efficient programs and tools targeting children. These include digital learning tools to reach a larger number of children.



Flash Malaria : <https://youtu.be/h7DrJqWOr80>

MOSKI TOON®: <https://youtu.be/6z1YxpoyGoU>

## Fighting non-communicable diseases

Underserved populations are vulnerable to epidemics of infectious disease, but they are increasingly impacted by non-communicable diseases, which kill 40 million people every year. Sanofi is a founding member of the **Access Accelerated**, an international coalition of major pharmaceutical companies that aims to reduce the cost burden of non-communicable diseases on low-income countries.



[Sanofi.com/Healthcare-for-all](https://sanofi.com/Healthcare-for-all)

### KiDS & Diabetes in schools

The KiDS project is a school-based education program designed to improve the management of and prevent discrimination against children with type 1 diabetes, as well as to prevent type 2 diabetes.

In partnership with the International Diabetes Federation (IDF) and International Society for Pediatric and Adolescent Diabetes (ISPAD), it is established in 745 schools, across 9 countries, and provides training materials in 16 languages.

Since its beginning, the program has reached 189,000 school children and trained 13,000 teachers and other school staff.



[Sanofi.com/kids-program-diabetes](https://sanofi.com/kids-program-diabetes)

(1) Global Health Estimates 2016: Deaths by Cause, Age, Sex, by Country and by Region, 2000-2016. Geneva. World Health Organization; 2018. <https://www.who.int/news-room/fact-sheets/detail/the-top-10-causes-of-death>



**Pediatric cancer: giving everyone the same chance of survival**

According to the WHO, more than 80% of children with cancer in high-income countries are cured, but in many low- and middle-income countries that number only reaches 20%. Since 2006, the Sanofi Espoir Foundation My Child Matters program has been a catalyst for the treatment of children with cancer in developing countries. The program helps strengthen local capabilities by training healthcare professionals and by producing and sharing information on pediatric cancers to promote early detection.

Since the launch of My Child Matters, 75 projects in 48 countries have led to the training of more than 25,000 healthcare professionals and treatment of more than 85,000 children.



<http://fondation-sanofi-espoir.com/en/news-2019-10-24.php>

## Medicine pricing principles

Our approach to pricing reflects our continued efforts to support patient access while minimizing our contribution to healthcare cost inflation. We are committed to:

- addressing increased scrutiny of the value and price of medicines by clearly explaining the value that underpins how our products are priced; and
- improving the affordability of our medicines and offering differentiated solutions to access issues in developed countries and emerging markets.

Our medicine pricing principles focus on three key areas.

**Globally:**

- A clear rationale for pricing on a worldwide scale when we launch a new medicine, following a structured process that includes consultation with external stakeholders and considers the assessment of multiple factors.

**In the US:**

- limited price increases for our medicines; and
- transparency about our gross and net prices.

In the US, we have committed to publishing our pricing principles every year since 2016, focusing on ongoing transparency about our gross and net prices, and our commitment to keeping price increases below the national healthcare expenditure growth rate.

While the projected US national health expenditure growth rate was 4.8%<sup>(1)</sup> in 2019, the annual average list price of our products in the US was up 2.9%, and the average net price was down 11.1%.<sup>(2)</sup>

(1) February 2019 estimate, cms.gov, 2019.  
(2) All Sanofi products combined.

COMMUNITIES

# Engaging with the community

**We are committed to developing our whole community, with our own employees and the local community around us. We start by making sure our sites' ecosystems are sustainable and we focus on developing flagship programs that answer local needs. We encourage our employees to participate in local programs for vulnerable or underserved populations and to support initiatives dedicated to inspiring the next generation.**

**Promoting inclusion and diversity**

Inclusion and diversity are at the heart of our community. We respect the diversity of our employees' backgrounds and experiences and have created a workplace that embraces differences and encourages integration to create a healthier and happier habitat for all our employees, patients and customers.

To achieve these commitments, we will reinforce training in discrimination and unconscious bias for recruiters and managers.

Our policy of responsible purchasing also supports small and medium sized enterprises (SMEs) located in poorer neighborhoods.

**Cancer and work**

To support any employee impacted directly or indirectly by cancer, Sanofi France created a network of confidential hubs on all 30 French sites that are open to everyone. Support begins at the moment of diagnosis. Each hub is run by a team trained to counsel people living and working with cancer and includes occupational doctors, social workers, human resources representatives and employees who have been touched by cancer as a patient, caregiver or manager. The network has 150 volunteers, who offer one-to-one support. Since its launch 18 months ago, the network has supported 200 employees.



"Choosing Community": <https://bit.ly/38SbddW>

**PAQTE**

We take an active role in the French Government's PAQTE initiative to ensure better social and economic integration for young people from disadvantaged neighborhoods. Our commitment is primarily via internships, mentoring and/or tutoring programs for students in partnership with charitable organizations. In 2019, the number of young people involved more than doubled to 1,802. In addition, we support training for young people through work-study programs. Apprentices make up 5% of our total workforce, a figure that will increase to 6% in 2020; 10% will come from disadvantaged neighborhoods.

**SANOFI GLOBAL VOLUNTEERING AT A GLANCE**



**11,607**  
Employee  
volunteers



**52,097**  
Beneficiaries



**71,058**  
Volunteers  
hours



**52**  
Countries

# Where we are going

## Voices from the Lab

Sanofi's ultimate goal is to make medicines to make people better. It sounds simple when put like that, but the reality of discovering new ways to treat people can be a long, complicated road, punctuated with frustrating failures and euphoric breakthroughs. New headlines can make scientific advances appear like overnight successes, rather than the evolution of hundreds of small discoveries made over decades.

Sanofi's scientists dedicate their lives to finding answers for patients, whether they are suffering from a rare disease or living with an all too familiar diagnosis of cancer. When one option closes, they look for another to open, constantly pushing science to the next level to rethink medicine.

Meet the men and women behind the lab coats and microscopes, who are building this future, and discover the science that is helping them do it.



<https://youtu.be/jGjvei3yk8>

SCIENCE

# Inventing the future of medicine

Every day, 15,000 employees push the boundaries of Research and Development (R&D) to explore new paths and discover the unexpected to bring life-changing therapies to patients.

## A new chapter in R&D

To deliver breakthrough medicines and vaccines to patients, we are evolving our R&D engine.

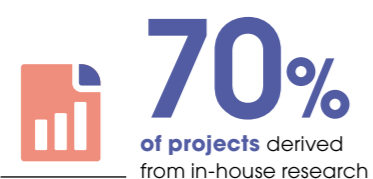
In 2019, we sharpened our research focus on priority therapeutic areas in Specialty Care—including oncology, immunology, rare diseases, rare blood disorders, neurology—and in Vaccines.

In this new era of prioritization, we will discontinue research into diabetes and cardiovascular.

The refocused R&D strategy also commits us to further leverage new drug discovery platforms and modalities to discover truly differentiated molecules. In addition, partnerships and acquisitions have helped to expand capabilities across a range of additional therapeutic modalities, which include complex antibodies, such as bi- and tri-specifics, and important steps forward in genomic medicines, including enhancements in gene therapy.

## LONG-TERM OBJECTIVES

In February 2019, John Reed, Global Head of R&D, unveiled the long-term objectives for our pipeline over the next 5 to 10 years.



## 2020 - Acquisition of biotechnology company Synthorx

The acquisition of Synthorx will bolster our immuno-oncology (IO) pipeline with both a proprietary IO platform synergistic with our existing therapeutics platforms, and a lead IO candidate (THOR-707) that is explored across multiple solid tumor types. Synthorx's research candidates also strengthen our pre-clinical pipeline for oncology and autoimmune disorders.

Synthorx's Expanded Genetic Alphabet platform is expected to be a source for developing a differentiated therapeutic pipeline. Alone and in combination with our other existing platforms, including our Nanobody® technology, it will enable us to develop a wide range of novel biologics, with applications beyond oncology and extending to other therapeutic areas.

## Focusing on potentially transformative therapies

### Dupixent® A top priority asset<sup>(1)</sup>

Dupixent® is the flagship medicine of our immunology franchise and beyond. It is a biologic treatment, developed with Regeneron, which inhibits the signaling of two key proteins that contribute to type 2 inflammation. Dupixent® has been approved for different patient populations with atopic dermatitis, asthma, and chronic rhinosinusitis with nasal polyps. It continues to be studied in a range of other type 2 inflammatory diseases where it has the potential to improve patients' lives.

*"We really think these high priority molecules deserve all of our attention. They have made the list because of the confidence in the science, because of the medical need they cover for patients and because of the commercial opportunity."*

John Reed, Executive Vice President  
Global Head of R&D

## Accelerate R&D focus on six priority therapies

The selected priority assets fit with our long-term R&D objectives. They are all potentially first- or best-in-class. Two of them, BIVV001 and nirsevimab, are biologics.

We plan to start submissions of these assets to regulatory authorities for a first indication in 2021.

- **Fitusiran**—hemophilia A and B: potential to provide a monthly dose that delivers high efficacy, which is convenient for patients;
- **BIVV001**<sup>(2)</sup>—hemophilia A: potential to deliver unprecedented protection from bleeds in a once-weekly dose to allow patients to enjoy a more active lifestyle;
- **Venglustat**—multiple rare diseases: another potential pipeline in a product under development in lysosomal storage disorders and more common disorders, including some sub-types of Parkinson's disease;
- **SERD ('859)**—hormone-receptor-positive breast cancer: once-daily oral treatment that has the potential to be the new standard of care;
- **Nirsevimab**<sup>(3)</sup>—respiratory syncytial virus: potential to set a new standard of care by offering an innovative immunization for immediate and sustained protection of all infants; and
- **BTKi ('168)**<sup>(4)</sup>—multiple sclerosis: potential to be the first disease-modifying therapy to address inflammation and disability drivers in the brain. Reduction of neuroinflammation could lead to fewer relapses and less disability progression.

(1) In partnership with Regeneron.

(2) In partnership with Swedish Orphan Biovitrum (Sobi).

(3) In partnership with AstraZeneca.

(4) In partnership with Principia Biopharma.



## Accelerate through digital technologies

We are investing in digital technologies to accelerate R&D at reduced cost and improve productivity. Every step of the R&D chain can be “augmented” thanks to digital, data science, and artificial intelligence:

- Advanced data analytics from predictive health studies should enable better disease understanding, lead identification, and target optimization.
- Integrating wearables during development cycles will help measure additional clinical parameters relevant to patients.
- Leveraging electronic health records will increase efficiency in formulating and refining clinical trials protocols.
- Working with regulatory authorities to leverage technology and automate some dossiers, e.g. clinical study reports, could help accelerate the regulatory review timelines.



### INDUSTRIAL AFFAIRS

## Building the future of manufacturing

Industrial Affairs is an essential link between Research and Development (R&D) and patients. Close to 33,000 employees work daily all around the world to produce high-quality healthcare solutions and deliver them on time to millions of people worldwide. The Industrial Affairs network is constantly evolving to support our latest portfolio developments and leverage state-of-the-art technologies and processes.

### Ramping up bio production capacities to expand our technological expertise

Our industrial transformation started several years ago, to tie in with the evolution of the R&D pipeline and to ensure we were ready for the production of increasingly complex medicines and vaccines.

Strengthening our bio production capacity is key to our transformation. Since 2014, we have become one of the top 10 companies in the production of biologic active ingredients. Over the last five years, we invested in the full reconversion of our chemical site in Vitry, France, into a biotechnology site, and built brand new biologics facilities in Geel, Belgium and in Framingham, Massachusetts, US.

We have also invested to maintain our leadership position in the manufacture of injectable biologic drugs, notably in Le Trait, France, Frankfurt, Germany and Waterford, Ireland, which enables us to produce Dupixent®, our top priority asset, in our own factories. We are the top company across technologies behind syringes, cartridges, and lyophilized vials.

Vaccine production is at the core of our industrial investments strategy, in line with our leadership role in the vaccines industry. Major investments have been made in state-of-the-art units for the production of influenza vaccines in Swiftwater, US and Val de Reuil, France.

Within our industrial network, we also have strong expertise and long-standing experience in the development and production of small molecules used in chemical drugs. By leveraging this expertise and investing in state-of-the-art chemistry and pharmaceutical facilities, we plan to produce potentially transformative therapies, such as venglustat, SERD (‘859) and BTKi (‘168)<sup>(1)</sup>, internally.

(1) In partnership with Principia Biopharma.



### KEY FIGURES

Sanofi invests



€1bn

every year to transform and modernize its industrial network.

More than

4.5bn



units of pharmaceuticals, consumer healthcare and vaccines, including in-house and outsourced production, were sold in 2019.



**“Our efforts will just scratch the surface of the challenges we face as an industry on our journey to the future of healthcare. But if we focus our energies on equipping our people to succeed and laying the groundwork for digitally enabled companies, digitalization will revolutionize the way we help patients and transform our industry.”**

Paul Hudson, Chief Executive Officer





**“Our ambition is to make Sanofi Industrial Affairs a gold standard in the pharmaceutical industry to deliver industrial value for our accelerated growth.”**

**Philippe Luscan,**  
Executive Vice President  
Industrial Affairs

**Reinforcing industrial excellence**

Our objective is to raise the quality of our activities and to strengthen our leadership through a strong culture of operational excellence and performance throughout our global network. Industrial Affairs has deployed the Sanofi Manufacturing System in all industrial sites worldwide, focusing on three main pillars:

- an operating system with unique standards on all sites;
- a strong industrial culture of excellence through training and certification of employees; and
- new ways of working based on autonomous units and simplified processes.



**Creating a major active pharmaceutical ingredients company in Europe<sup>(1)</sup>**

We announced in February 2020 our plan to create a major leading European company dedicated to the production and marketing to third parties of active pharmaceutical ingredients (API). The project consists of creating a standalone company which would combine our API commercial and development activities with six of our European API production sites: Brindisi (Italy), Frankfurt Chemistry (Germany), Haverhill (UK), St Aubin les Elbeuf (France), Újpest (Hungary) and Vertolaye (France).

APIs are the essential molecules responsible for the beneficial therapeutic effect, which are used in the

composition of any drug. With increasing medicine shortages that critically impact patient care, this new company would contribute to supporting and securing API manufacturing, as well as supply capacities for Europe and beyond. In Europe, the new API industry champion is expected to help in balancing the industry's heavy reliance on API sourced from the Asian region<sup>(2)</sup>.

<sup>(1)</sup> Subject to consultation with social partners and works councils.

<sup>(2)</sup> CPA Industry Report 2019: 60% of the API worldwide production in volume is located in China and India.

**Making the factory of the future a reality**

At Sanofi, the factory of the future, powered by digital and user-oriented data solutions, is already a reality. In October 2019, we celebrated the grand opening of the Massachusetts-based Framingham facility, our first digitally born factory, where the full suite of factory 4.0 concepts has been implemented in design and operation.

The paperless Framingham facility is digitally connected from end to end, uses smaller, more flexible equipment, and single-use technology. It also allows employees to leverage data through innovative and user-friendly solutions. In addition, its smaller footprint significantly reduces the impact on the environment (see page 16 for further information).

**Digitalization-Factory 4.0 concepts**

**Integrated industrialization**

Digitalizing product development activities between R&D labs and production.

**Connected factory**

Connect processes, assets and people around the global industrial network to constantly optimize manufacturing excellence.

**Connected teams and operations**

Developing the use of mobile tablets, easier access to information, ultimately achieve "paperless" processes.

**Intelligent quality**

All data generated by the sensors installed along the manufacturing process can help guarantee the highest quality standards for medicines.

**Real-time supply chain**

Data helps to digitize forecasting in supply chain, ensuring that production can be adapted to the right delivery.

This major achievement paves the way for the transformation of the global industrial network in the long run. Digital transformation initiatives are underway everywhere and the digitalization of our major factories within the next three to five years is on its way. In all our plants, digitalization contributes to a sustainable manufacturing system, driving higher productivity, agility and flexibility.

**At Sanofi,  
our passion is to prevent, treat and cure  
illness and disease throughout life.**

We are driven to improve  
the health of communities and to find new solutions  
for patients by combining breakthrough science  
with advanced technology.

Inspired by the resilience of our patients  
and strengthened by our heritage, we work for new ways  
to fight chronic, complex and rare diseases  
with medicines that offer hope for patients  
and the future of healthcare.

*Patients inspire us to pioneer.*

we are  
**Sanofi**

## Forward-looking statements

This integrated report contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates”, “plans” and similar expressions. Although Sanofi’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanofi, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of such product candidates, the fact that product candidates if approved may not be commercially successful, the future approval and commercial success of therapeutic alternatives, Sanofi’s ability to benefit from external growth opportunities, to complete related transactions and/or obtain regulatory clearances; risks associated with intellectual property and any related pending or future litigation and the ultimate outcome of such litigation, trends in exchange rates and prevailing interest rates, volatile economic and market conditions, the impact of global disruptions, including pandemics, cost containment initiatives and subsequent changes thereto, the average number of shares outstanding as well as those discussed or identified in the public filings with the SEC and the AMF made by Sanofi, including those listed under “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” in Sanofi’s annual report on Form 20-F for the year ended December 31, 2019. Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.

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**SANOFI**

[www.sanofi.com](http://www.sanofi.com)

[corporate-responsibility@sanofi.com](mailto:corporate-responsibility@sanofi.com)  
54 Rue La Boétie  
75008 Paris