

voting rights made at the general shareholders' meeting, be deprived of voting rights with respect to the shares in excess of the relevant threshold for all shareholders' meetings until the end of a two-year period following the date on which such person or entity complies with the notification requirements.

Change in control/anti-takeover

There are no provisions in our Articles of Association that would have the effect of delaying, deferring or preventing a change in control of our Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving our Company or any of our subsidiaries. Further, there are no provisions in our Articles of Association that allow the issuance of preferred stock upon the occurrence of a takeover attempt or the addition of other "anti-takeover" measures without a shareholder vote.

Our Articles of Association do not include any provisions discriminating against any existing or prospective holder of our securities as a result of such shareholder owning a substantial number of shares.

Trading in our own shares

Under French law, Sanofi may not issue shares to itself. However, we may, either directly or through a financial intermediary acting on our behalf, acquire up to 10% of our issued share capital within a maximum period of 18 months, provided our shares are listed on a regulated market. Prior to acquiring our shares, we must publish a description of the share repurchase program (*descriptif du programme de rachat d'actions*).

We may not cancel more than 10% of our issued share capital over any 24-month period. Our repurchase of shares must not result in our Company holding, directly or through a person acting on our behalf, more than 10% of our issued share capital. We must hold any shares that we repurchase in registered form. These shares must be fully paid up. Shares repurchased by us continue to be deemed "issued" under French law but are not entitled to dividends or voting rights so long as we hold them directly or indirectly, and we may not exercise the preemptive rights attached to them.

The shareholders, at an extraordinary general shareholders meeting, may decide not to take these shares into account in determining the preemptive rights attached to the other shares. However, if the shareholders decide to take them into account, we must either sell the rights attached to the shares we hold on the market before the end of the subscription period or distribute them to the other shareholders on a *pro rata* basis.

On May 2, 2018, our shareholders approved a resolution authorizing us to repurchase up to 10% of our shares over an 18-month period. Under this authorization, the purchase price for

each Sanofi ordinary share may not be greater than €120.00 and the maximum amount that Sanofi may pay for the repurchases is €15,048,238,800. This authorization was granted for a period of 18 months from May 2, 2018 and cancelled and replaced the authorization granted to the Board of Directors by the combined general meeting held on May 10, 2017. A description of this share repurchase program as adopted by the combined general meeting held on May 2, 2018 (*descriptif du programme de rachat d'actions*) was published on March 8, 2018.

Purposes of share repurchase programs

Under the European regulation 596/2014, dated April 16, 2014 on market abuse and its delegated regulation 2016/1052 on repurchase programs and stabilization measures, dated March 8, 2016 (which we refer to in this section as the "Regulation"), an issuer will benefit from a safe harbor for share transactions that comply with certain conditions relating in particular to the pricing, volume and timing of transactions (see below) and that are made in connection with a share repurchase program the purpose of which is:

- ◆ to reduce the share capital through the cancellation of treasury shares;
- ◆ to meet obligations arising from debt financial instruments that are exchangeable into equity instruments; and/or
- ◆ to meet obligations arising from share option programs or other allocations of shares to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company.

Safe harbor transactions will by definition not be considered market abuses under the Regulation. Transactions that are carried out for other purposes than those mentioned above do not qualify for the safe harbor.

However, as permitted by the Regulation, which provides for a presumption of legitimacy for existing market practices that do not constitute market manipulation and that conform with certain criteria, the AMF has established as a French accepted market practice, which therefore benefits from a presumption of legitimacy, the use of liquidity agreements for share purchases that are entered into with a financial services intermediary and that comply with the criteria set out by the AMF.

The AMF confirmed that all transactions directed at maintaining the liquidity of an issuer's shares must be conducted pursuant to a liquidity agreement with a financial services intermediary acting independently.

As of July 3, 2016, the purchase of shares that are subsequently used as acquisition currency in a business combination transaction, which the AMF previously permitted as an accepted market practice, is no longer considered as such, although such practice, while not benefiting from the presumption of legitimacy, is not prohibited under the Regulation.

Pricing, volume and other restrictions

In order to qualify for the safe harbor described above, the issuer must generally comply with the following pricing and volume restrictions:

- ◆ a share purchase must not be made at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out; and
- ◆ subject to certain exceptions for illiquid securities, the issuer must not purchase on any trading day more than 25% of the average daily volume of the shares on the regulated market on which the purchase is carried out. The average daily volume figure must be based on the average daily volume traded in the month preceding the month of public disclosure of the share repurchase program and fixed on that basis for the authorized period of that program. If the program does not make reference to this volume, the average daily volume figure must be based on the average daily volume traded in the 20 trading days preceding the date of purchase.

In addition, unless the issuer has in place a time-scheduled repurchase program or the repurchase program is lead-managed by an investment firm or a credit institution which makes its trading decisions concerning the timing of the purchase of the issuer's shares independently of the issuer, the issuer must not, for the duration of the repurchase program, engage in the following activities:

- ◆ selling its own shares;
- ◆ effecting any transaction during a closed period imposed by the applicable law of the Member State in which the transaction occurs (i.e. under French law, during the period between the date on which the company has knowledge of insider information and the date on which such information is made public and during the 30 calendar day period before the announcement of an interim financial report or a year-end report which the issuer is obliged to make public); or
- ◆ effecting any transaction in securities with respect to which the issuer has decided to delay the public disclosure of inside information, in accordance with applicable rules.

Use of share repurchase programs

Pursuant to the AMF rules, issuers must immediately allocate the repurchased shares to one of the purposes provided for in the Regulation and must not subsequently use the shares for a different purpose. As an exception to the foregoing, shares repurchased with a view to covering stock option plans may, if no longer needed for this purpose, be re-allocated for cancellation or sold in compliance with AMF requirements relating in particular to blackout periods. Shares repurchased in connection with one of the market practices authorized by the AMF (see above) may

also be re-allocated to one of the purposes contemplated by the Regulation or sold in compliance with AMF requirements. Shares repurchased with a view to their cancellation must be cancelled within 24 months following their acquisition.

During the year ended December 31, 2018, we used the authority delegated by our shareholders to repurchase our shares on the stock market.

Pursuant to our share repurchase programs authorized by our shareholders on May 10, 2017 and on May 2, 2018, we repurchased 15,374,665 of our shares for a weighted average price of €71.55, i.e. a total cost of €1,100 million. Brokerage fees and financial transaction taxes (net of income taxes) amounted to €3.3 million. Our Company did not resort to derivatives to repurchase our own shares.

On April 26, 2018, the Board of Directors cancelled 7,239,803 treasury shares repurchased between October 2017 and the end of March 2018 pursuant to the share repurchase program of the Company.

On December 18, 2018, the Board of Directors cancelled 5,106,804 treasury shares repurchased between April and November 2018 pursuant to the share repurchase program of the Company.

During 2018, pursuant to the liquidity contract, Rothschild & Cie:

- ◆ purchased 601,296 of our shares at an average weighted price of €74.58 for a total amount of €44,842,701; and
- ◆ sold 651,046 of our shares at an average weighted price of €74.43 for a total amount of €48,723,473.

In 2018, of the 104,701 shares allocated to stock purchase option plans outstanding at December 31, 2017, 24,030 shares were transferred to grantees of options. In 2018, in addition to the 19,275 shares allocated to restricted share plans outstanding at December 31, 2017, Sanofi:

- ◆ purchased 3,028,058 of its shares at an average weighted price of €72.88 for a total amount of €220,690,339; and
- ◆ transferred 1,186,917 of its shares to beneficiaries of performance shares at an average weighted price of €67.19 for a total amount of €78,865,214.

As a result, as of December 31, 2018, all of our 1,941,087 treasury shares, representing 0.16% of our share capital, were allocated to outstanding stock purchase option plans and restricted share plans. At the same date, none of the shares was allocated to the liquidity account or for the purpose of cancellation.

As of December 31, 2018, we directly owned 1,941,087 Sanofi shares with a par value of €2 representing around 0.16% of our share capital and with an estimated value of €145 million, based on the share price at the time of purchase.

Reporting obligations

Pursuant to the Regulation, the AMF Regulation and the French Commercial Code, issuers trading in their own shares are subject to the following reporting obligations:

- ◆ issuers must report all transactions in their own shares to the competent authority of each trading venue on which the shares are admitted to trading or are traded within seven trading days of the transaction in a prescribed format, unless such transactions are carried out pursuant to a liquidity agreement that complies with the ethical code approved by the AMF;
- ◆ issuers must declare to the AMF on a monthly basis all transactions completed under the share repurchase program unless they provide the same information on a weekly basis; and
- ◆ post on its website the transactions disclosed and keep that information available to the public for at least a 5-year period from the date of public disclosure.

Ownership of shares by non-French persons

The French Commercial Code and our Articles of Association currently do not limit the right of non-residents of France or non-French persons to own or, where applicable, to vote our securities. However, non-residents of France must file an administrative notice with the French authorities in connection with certain direct and indirect investments in us, including the acquisition of a controlling interest in our Company. Under existing administrative rulings, ownership of 33 $\frac{1}{3}$ % or more of our share capital or voting rights is regarded as a controlling interest, but a lower percentage might be held to be a controlling interest in certain circumstances depending upon factors such as:

- ◆ the acquiring party's intentions;
- ◆ the acquiring party's ability to elect directors; or
- ◆ financial reliance by the company on the acquiring party.

Moreover, certain foreign investments in companies incorporated under French laws are subject to prior authorization from the French Minister of the Economy, where all or part of the target's business and activity relate to a strategic sector, such as energy, transportation, public health, telecommunications, etc.

Enforceability of civil liabilities

We are a limited liability company (*société anonyme*) organized under the laws of France, and most of our officers and directors reside outside the United States. In addition, a substantial portion of our assets is located in France.

As a result, investors may find it difficult or be unable to effect service of process within the United States upon or obtain jurisdiction over our Company or our officers and directors in US courts in actions predicated on the civil liability provisions of US securities law. It may also be difficult to enforce against them, either inside or outside the United States, judgments obtained

against them in US courts, or to enforce in US courts, judgments obtained against them in courts in jurisdictions outside the United States, in any action based on civil liabilities under US federal securities laws. There is doubt as to the enforceability against such persons in France, whether in original actions or in actions to enforce judgments of US courts, of liabilities based solely on US federal securities laws. In addition, actions in the United States under US federal securities laws could be affected under certain circumstances by French law No. 68-678 of July 26, 1968 as amended by French Law No. 80-538 of July 16, 1980, which may preclude or restrict the obtaining of evidence in France or from French persons in connection with those actions. Additionally, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France.

C. Material Contracts

The Contingent Value Rights Agreement

In connection with its acquisition of Genzyme Corporation, now a wholly-owned subsidiary of Sanofi, Sanofi issued one CVR per Genzyme share. On March 30, 2011, Sanofi and American Stock Transfer & Trust Company, LLC ("AST"), as trustee, entered into a Contingent Value Rights Agreement (the "CVR Agreement") governing the terms of the CVRs. On May 13, 2016, AST tendered its resignation as trustee under the CVR Agreement to Sanofi. As of June 30, 2016, UMB Bank, National Association replaced AST and is the successor trustee under the CVR Agreement.

Pursuant to the terms of the CVR Agreement, a holder of a CVR is entitled to cash payments upon the achievement of contractually defined milestones. The first three milestones (related, respectively, to (i) manufacturing of Cerezyme[®] and Fabrazyme[®] (ii) US regulatory approval on or before March 31, 2014 of Lemtrada[®] for the treatment of MS (the "Approval Milestone") and (iii) Product Sales Milestone #1, pursuant to which a holder of a CVR would have been entitled to receive \$2 per CVR if Lemtrada[®] sales (as defined in the CVR Agreement) post launch equaled or exceeded a total of \$400 million within certain specified periods and territories) were not met. The remaining milestone payments under the CVR Agreement are summarized below:

Product Sales Milestone #2 Payment. \$3 per CVR upon the first instance in which Lemtrada[®] sales (as defined in the CVR Agreement) for a four calendar quarter period are equal to or in excess of \$1.8 billion. Given that the Approval Milestone was not achieved, an additional \$1 per CVR will be paid should Product Sales Milestone #2 be achieved, totaling \$4 per CVR.

Product Sales Milestone #3 Payment. \$4 per CVR upon the first instance in which Lemtrada[®] sales (as defined in the CVR Agreement) for a four calendar quarter period are equal to or in excess of \$2.3 billion (however, no quarter in which Lemtrada[®] sales (as defined in the CVR Agreement) were used to determine the achievement of Product Sales Milestone #1 or #2 shall be included in the calculation of sales for determining whether Product Sales Milestone #3 has been achieved).