

May 10, 2017

**SANOFI PERFORMANCE SHARES PLAN  
RULES OF THE INTERNATIONAL PLAN 9 I**

<b>1</b>	<b>BENEFICIARIES .....</b>	<b>2</b>
<b>2</b>	<b>VESTING PERIOD .....</b>	<b>2</b>
<b>3</b>	<b>VESTING CONDITIONS .....</b>	<b>2</b>
<b>4</b>	<b>DELIVERY AND CUSTODY OF THE SHARES.....</b>	<b>10</b>
<b>5</b>	<b>LOCK-UP PERIOD .....</b>	<b>10</b>
<b>6</b>	<b>CHARACTERISTICS OF THE SHARES AND SHARES RIGHTS .....</b>	<b>11</b>
<b>7</b>	<b>ADJUSTMENT OF THE NUMBER OF SHARES .....</b>	<b>11</b>
<b>8</b>	<b>RESTRUCTURING AND MERGERS .....</b>	<b>12</b>
<b>9</b>	<b>SOCIAL AND TAX TREATMENT .....</b>	<b>12</b>
<b>10</b>	<b>CONSTRUCTION OF THE PLAN AND GOVERNING LAW.....</b>	<b>12</b>
<b>11</b>	<b>MODIFICATION OF THE PLAN .....</b>	<b>13</b>

The Combined General Meeting of Sanofi held on May 4, 2016 has, in its 13<sup>th</sup> resolution, authorised the Board of Directors to award to employees of Sanofi (“**Sanofi**” or the “**Company**”) and the companies within its group, restricted shares in accordance with Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

Following the proposal of its Compensation Committee, the Board of Directors has decided to award restricted shares subject to performance conditions (the “**Performance Shares**”) and adopted the following rules for the plan (the “**Plan**”) n°9 I with effect as from May 10, 2017 (the “**Date of Grant**”).

## **1 BENEFICIARIES**

The Performance Shares are awarded to designated persons who are employee of a Group Company (collectively, the “**Beneficiaries**”, and individually, a “**Beneficiary**”), the list of whom, upon the proposal of the Compensation Committee, was adopted by the Board of Directors, which also approved the number of Performance Shares awarded to each Beneficiary on the Date of Grant.

“**Group Company**” means Sanofi and any company or economic interest in which Sanofi owns directly or indirectly at least 50% of the share capital and voting rights at the date of ascertainment.

None of the provisions which are set out in the Plan constitute an element of the employment contract of a Beneficiary. The rights and obligations deriving from the employment relationship between the Beneficiary and Sanofi or a Group Company shall in no way be affected by the Plan from which they are completely distinct. Participation in the Plan shall not confer any right relating to the continuation or creation of any employment relationship or any right upon termination of any such relationship.

## **2 VESTING PERIOD**

Subject to Article 3 of this Plan, the Performance Shares will vest and the Sanofi shares (the “**Shares**”) may be delivered to the Beneficiaries only at the end of a three-year (3) period (the “**Vesting Period**”) starting from the Date of Grant and expiring, subject to certain specific cases or exception set forth in this Plan, on May 10, 2020 (inclusive).

During the Vesting Period, the Beneficiaries are not the owners of the Shares and do not have any right attached to such Shares, whether it be voting rights or rights to dividends. They shall become full owners of the Shares and attached rights only upon delivery.

Performance Shares are not transferrable during the Vesting Period.

The Performance Shares are separate from the Beneficiary’s employment contract, and are not part of it. They are not taken into account to compute termination payments, pensions or any other payments made in the context of employment relationship termination.

## **3 VESTING CONDITIONS**

The Performance Shares will vest when the conditions and criteria of the award determined by the Board of Directors and described below are fulfilled at the expiry of the Vesting Period (the “**Vesting**”).

Subject to specific cases and exceptions provided in the Plan, the Vesting Date is May 11, 2020 (the “**Vesting Date**”).

### 3.1 Condition of Continued Employment

The purpose of this Plan is to promote employee retention and availability for future service.

#### 3.1.1 Continued Employment in the Group

The delivery of the Shares will only be made to those Beneficiaries who have been continuously employed by a Group Company during the full Vesting Period. If the Beneficiary ceases to be an employee of a Group Company, subject to the specific cases provided in paragraphs 3.1.2 and 3.1.3. below, or if the Beneficiary’s employer ceases to be a Group Company before the end of the Vesting Period, then this condition will be deemed not to have been satisfied, except in case of a contrary decision of the General Management of Sanofi. Intra-group transfer without any interruption will not be considered as a breach of the condition of continued employment.

#### 3.1.2. Departure of the Beneficiary

Unless otherwise decided by the General Management of Sanofi in exceptional cases, which may be represented by its Human Resources Director, any Beneficiary ceasing to be an employee of a Group Company **before the expiry of the Vesting Period** may retain or lose irrevocably all or part of his or her Performance Shares in the following events and conditions:

##### a) Full loss of rights

Events	Effective Date	Impact on Rights	Conditions
<b><u>Resignation</u></b> of the Beneficiary	End date of the Beneficiary’s employment contract	<b>Full loss</b> of rights to Performance Shares	N/A
<b><u>Dismissal for gross negligence or misconduct</u></b> of the Beneficiary	End date of the Beneficiary’s employment contract	<b>Full loss</b> of rights to Performance Shares	N/A

**b) Rights partially retained**

Events	Effective Date	Impacts on rights	Conditions
<p><b><u>Individual dismissal</u></b> other than for <b><u>gross negligence or misconduct</u></b> of the Beneficiary</p>	<p>End date of the Beneficiary's employment contract</p>	<p>The number of Performance Shares to be delivered will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of departure from the Group) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 3.1.3 below and the performance conditions stated in Article 3.2 below.</p>
<p><b><u>Retirement</u></b> of the Beneficiary before 60 years old</p>	<p>End date of the Beneficiary's employment contract</p>	<p>The number of Performance Shares to be delivered will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of departure from the Group) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 3.1.3 below and the performance conditions stated in Article 3.2 below.</p>
<p><b><u>The employer of the Beneficiary loses the qualification of Group Company</u></b></p>	<p>Closing date of the transaction causing the employer to lose the status of Group Company (sale, merger, split, divestiture of assets ...)</p>	<p>The number of Performance Shares to be delivered will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of loss of status of Group Company) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 3.2 below.</p>

(\*) Each month started will be counted as a whole month.

c) **Rights retained**

Events	Effective Date	Impact on Rights	Conditions
<p>Individual dismissal of the Beneficiary in the framework of a <b><u>collective dismissal</u></b>, <b><u>economic dismissal</u></b> or within the framework of a <b><u>collective departure</u></b> plan negotiated and validated by the General Management of Sanofi</p>	<p>End date of the Beneficiary's employment contract</p>	<p>Beneficiary will continue to hold the full vesting rights to Performance Shares</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 3.1.3 below and the performance conditions stated in Article 3.2 below.</p>
<p>The Beneficiary leaves (x) on <b><u>retirement after meeting retirement eligibility</u></b> in accordance with applicable local law (in any event after 60 years old) or (y) on <b><u>early retirement</u></b> within the framework of a collective legal or contractual early retirement scheme set up by the relevant Group Company and duly approved by the General Management of Sanofi</p>	<p>End date of the Beneficiary's employment contract</p>	<p>Beneficiary will continue to hold the full vesting rights to Performance Shares</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 3.1.3 below and the performance conditions stated in Article 3.2 below.</p>
<p><b><u>Disability</u></b> of the Beneficiary, in the second or third of the categories provided for by Article L. 341-4 of the Social Security Code, consisting of an impossibility for the Beneficiary to carry on any professional activity</p>	<p>Date of diagnosis of disability</p>	<p>Beneficiary will be entitled to request early delivery of the Performance Shares at any time. The Performance Shares will then be freely transferable (subject to the provisions of Article 5).</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 3.2 below by applying the specific rule in case of disability.</p>
<p><b><u>Death</u></b> of the Beneficiary</p>	<p>Date of death</p>	<p>Beneficiary's heirs or assignees may request an early delivery of the Performance Shares within six (6) months from the date of death of the Beneficiary, otherwise they will lose this right. The Performance Shares will then be freely transferable (subject to the provisions of Article 5).</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 3.2 below by applying the specific rule in case of death.</p>

### 3.1.3 Non-compete condition

Whenever the Beneficiary continues to hold all or part of his or her rights to vesting after leaving the Group and the conditions set forth above specify that a non-compete clause applies, the Vesting of his/her Performance Shares will be subject the non-compete condition described below. If at any time before the expiry of the Vesting Period, the Beneficiary provides services to a competitor of the Group, he/she shall irrevocably lose all his/her Performance Shares. For the purposes of the present non-compete condition, the General Management of Sanofi, which may be represented by its Human Resources Director, shall determine whether a business and/or entity is a “competitor” and shall be entitled to request from the Beneficiary a written representation as to his or her compliance with this condition, and a Beneficiary may request that such a determination be made in advance of engaging in any activity. As an exception, the General Management of Sanofi may decide not to apply the non-compete condition on the Vesting of the Performance Shares of a Beneficiary.

For these purposes, a Beneficiary shall be deemed to compete with Sanofi if he or she directly or indirectly participates in, renders services to or becomes associated with any business unit, division, or company of any organization or entity, whether as a principal, partner, member, employee, consultant, shareholder (greater than 5%) or in any other capacity, that, directly or indirectly, competes with, or has a reasonable potential for competing with, any business of Sanofi (including any subsidiary thereof) which is involved in the therapeutic or product areas with which the Beneficiary worked in any capacity at any time during his or her employment with Sanofi (including any subsidiary thereof) or about which he or she acquired confidential information through his or her work with Sanofi (including any subsidiary thereof), without the express prior written agreement of Sanofi, which may be represented by its Director of Human Resources.

If the beneficiary is subject to a non-compete condition in his/her employment contract, (i) the non-compete condition described in Article 3.1.3 will apply in parallel to that undertaking and (ii) for purposes of determining the end date of of the employment contract for purposes of Article 3.1.2, the beneficiary will be deemed to be employed by Sanofi or any subsidiary thereof until the expiry of the period covered by such non-compete obligation.

## 3.2 Performance conditions

The number of Shares to be actually delivered to each Beneficiary at the end of the Vesting Period, subject to meeting the continued employment condition described in Article 3.1 above and except for the specific cases described in Article 3.3 below, shall depend on the fulfilment of a performance condition consisting of the cumulative attainment, over a three-year period, namely 2017-2019 (the “**Period**”) of two performance criteria: the “**Business Net Income**” and the “**ROA**” (defined hereafter). It shall be equal to the number of Performance Shares granted to such Beneficiary at the Date of Grant multiplied by a rate (the “**Global Allocation Rate**”) equal to the weighted average of the “**Business Net Income Allocation Rate**” (for 60%) and the “**ROA Allocation Rate**” (for 40%) calculated over the Period on the basis, respectively, of the Business Net Income and the ROA, in accordance with the rules set forth below. If such weighted average exceeds 100%, the number of Shares to be delivered will be equal to 100% of the Performance Shares awarded on the Date of Grant, subject to the adjustments set forth in Article 7 and in Article 8 below.

(i) **Business Net Income Achievement Rate**

This performance criterion corresponds to an average achievement of business net income versus budgeted business net income over the entire Period.

Budgeted business net income as forecasted in the Budget (“**Budgeted Business Net Income**”) will vary from one fiscal year to another and will be approved by the Board of Directors at the beginning of each fiscal year.

For each fiscal year in the Period, the percentage, at a constant exchange rate, of (i) actual Business Net Income<sup>1</sup> (“**Business Net Income**”) over (ii) Budgeted Business Net Income will be calculated (such annual rate, the “**Annual BNI Achievement Rate**”).

At the end of the Period, the arithmetic average of the Annual BNI Achievement Rates for each fiscal year in the Period (the “**BNI Achievement Rate**” or “**R**”) will be calculated and the Board of Directors will determine the Business Net Income Allocation Rate corresponding to such BNI Achievement Rate, as follows:

<b>BNI Achievement Rate (“R”)</b>	<b>Business Net Income Allocation Rate</b>
If <b>R</b> is less than 95%	0%
If <b>R</b> is equal to 95%	50%
If <b>R</b> is more than 95%, but less than 98%	$(50 + [(R - 95) \times 16])\%$
If <b>R</b> is equal to or more than 98% but less than or equal to 105%	<b>R</b> %
If <b>R</b> is more than 105%, but less than 110%	$(105 + [(R-105) \times 3]) \%$
If <b>R</b> is equal to, or more than, 110%	120%

<sup>1</sup> Business net income is a non-GAAP financial indicator defined as Net Income attributable to equity holders of Sanofi, determined under IFRS, excluding:

- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature);
- fair value remeasurements of contingent consideration liabilities related to business combinations;
- other impacts associated with acquisitions (including impacts of acquisitions on associates and joint ventures)
- restructuring costs and similar items <sup>(1)</sup>;
- others gains and losses (including gains and losses on major disposals of non-current assets <sup>(1)</sup>);
- other costs and provisions associated with litigation <sup>(1)</sup>;
- the tax effects related to the items listed above;
- the effects of major tax disputes;
- the 3% tax on the distribution of dividends to equity holders of Sanofi;
- those Animal Health items that are not included in business net income <sup>(2)</sup>;
- the portion attributable to non-controlling interests of the items listed above.

<sup>(1)</sup> Reported in the consolidated income statement line items: “Restructuring costs and similar items” and “Other Gains and losses, and litigation”.

<sup>(2)</sup> Impact of discontinuation of depreciation and impairment of property, plant & equipment from the start date of application of IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations, amortization and impairment of intangible assets until the start date of IFRS5 application, costs incurred as a result of the divestment, and the tax effects of these items.

**(ii) ROA**

This performance criterion corresponds to a Return on Assets objective (the “**ROA Target**” or “**T**”) over the entire Period.

Return on Assets (“**ROA**”) is defined, for each of the years in the Period, as the ratio at constant exchange rates of the Business Operating Income after tax expense, divided by the average capital employed. Capital Employed means the Group’s consolidated assets, net of liabilities, excluding financial items<sup>2</sup>.

The ROA Target, the intermediate performance (“**I**”) and the minimum performance (“**M**”) will be set at the beginning of the Period by decision of the Board of Directors.

Average ROA (“**P**”) is the arithmetic average of ROA for each of the years in the Period as measured by the Board of Directors. At the end of the Period, the Board of Directors will determine the level of achievement of the ROA Target, by establishing an “**ROA Allocation Rate**” for the Period as follow:

Average ROA (“ <b>P</b> “)	ROA Allocation Rate
If <b>P</b> is less than or equal to <b>M</b>	0%
If <b>P</b> is more than <b>M</b> but less than <b>I</b>	$[30 \times (\mathbf{P}-\mathbf{M})/(\mathbf{I}-\mathbf{M})]\%$
If <b>P</b> is equal to <b>I</b>	30%
If <b>P</b> is more than <b>I</b> but less than <b>T</b>	$[70 \times (\mathbf{P}-\mathbf{T})/(\mathbf{T}-\mathbf{I}) + 100]\%$
If <b>P</b> is more than or equal to <b>T</b>	100%

**(iii) Global Allocation Rate**

For the Period, the Global Allocation Rate is the weighted average of the Business Net Income Allocation Rate (for 60%) and the ROA Allocation Rate (for 40%).

At the Meeting of the Board of Directors at which the 2018 financial statements are adopted, the Board will determine whether or not the performance conditions for the Period have been met by determining successively: (i) the Business Net Income Allocation Rate, (ii) the ROA Allocation Rate, and (iii) the Global Allocation Rate.

<sup>2</sup> Average capital employed is defined as the arithmetic average of capital employed on January 1<sup>st</sup> and December 31<sup>st</sup> of the year involved, at constant exchange rates. Capital employed for a fiscal year is defined as the sum of tangible assets, goodwill (other than those relating to the Aventis business combination), other intangible assets (in gross value for all intangible assets other than those relating to the Aventis business combination, software and acquired R&D assets impaired as of December 31, 2016), investment in associates and JV, deferred tax assets, inventories, accounts receivable, other current assets and assets held for sale or exchange, reduced by provisions and other non-current liabilities (with the amount of actuarial gains and losses related to provisions for pensions and other post-employment benefits fixed as of December 31, 2016), current and noncurrent liabilities related to business combinations and to non-controlling interests, deferred tax liabilities (restated for the portion linked to the intangible assets included for their gross value), accounts payable, other current liabilities and liabilities related to assets held for sale or exchange, as shown in the Group’s Consolidated Balance Sheet.



If, for a given Beneficiary, the multiplication of the number of Performance Shares initially awarded by the Global Allocation Rate for the Period results in a fractional number of Shares to be delivered, such number of Shares to be delivered will be rounded upward to the next highest whole number.

In any event, the maximum number of Shares to be delivered may not be more than the number of Performance Shares initially awarded, subject to the adjustments set forth in Article 7 and in Article 8 below.

The objectives set are final. The Board of Directors will have the right, however, to adjust the performance conditions in case unusual circumstances justify such change, with concurring recommendation of the Compensation Committee, *i.e.*, in case of a change in the Company's scope of consolidation, a change in accounting methods, or any other circumstance justifying such adjustment in the opinion of the Board of Directors, so as to neutralize, to the extent possible, the consequences of such changes on the objective fixed at the time of the initial award.

In the event of disability or death of a Beneficiary before the determination of the Global Allocation Rate, the Global Allocation Rate will be deemed to equal 100% on the date the relevant event occurs. In such case, the number of Shares to be delivered will be equal to the number of Performance Shares awarded.

In case of disability or death after the determination of the Global Allocation Rate, the Global Allocation Rate will be the rate determined by the Board of Directors. Disability and death, as used in this paragraph, are described in Article 3.1.2(c) below.

### **3.3 Specific Cases**

**3.3.1** If before the expiry of the Vesting Period a Beneficiary (i) retires after meeting retirement eligibility in accordance with applicable local law, custom or practice and in any event after 60 years of age, subject to any applicable Provisions Specific to Certain Countries listed herein, or (ii) takes early retirement in the context of a collective legal or contractual early retirement scheme set up by the relevant Group Company and duly approved by the General Management of Sanofi, he/she will retain his/her right to vesting but will remain subject to the other conditions of the Plan, including the performance conditions defined in Article 3.2 above, or if a Beneficiary (iii) retires before 60 years of age, he/she will retain his/her right to vesting but in this case, the number of shares to be delivered will be calculated on a pro rata basis of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of departure from the Group) to the total duration of the Vesting Period and shall be bound by the other terms and conditions of the Plan, including the Performance Conditions set forth in Article 3.2. above.

The non-compete condition does not in any way restrict the activities the Beneficiary may choose to undertake following retirement. However, if the Beneficiary chooses to undertake activities that compete with Sanofi, his/her status under this Plan will be relegated to that of an employee who has chosen to leave Sanofi to work for a competitor.

**3.3.2** If a Beneficiary becomes disabled before the expiry of the Vesting Period, and provided that he/she can no longer carry on any professional activity, he/she will be entitled to request Vesting of the Performance Shares and delivery of the Shares at any

time. Upon such early Vesting and delivery, the Shares will become freely transferable (subject to Article 5).

**3.3.3** In the event of death of a Beneficiary before the expiry of the Vesting Period, the heirs or assigns of the Beneficiary may, if they so wish, request Vesting of the Performance Shares and delivery of the Shares within six (6) months of the date of death; otherwise they will irrevocably lose the right to so request. Upon such early Vesting and delivery, the Performance Shares will become freely transferable (subject to Article 5).

#### **4 DELIVERY AND CUSTODY OF THE SHARES**

Sanofi will deliver the Shares to the Beneficiary at the end of the Vesting Period, subject to compliance with the conditions and criteria of Vesting defined in Articles 2 and 3.

The delivery of the Shares will occur on the first business day after the Vesting Date.

Sanofi may in its sole discretion decide on the custodial arrangement of the Shares, in view of the regulations in force from time to time; thus, the Shares may notably be (i) registered in the name of the Beneficiary on an individual nominee account administered by an authorised financial institution or (ii) held through a mutual fund (*organisme de placement collectif*). The Beneficiaries shall be informed of such decision at the expiry of the Vesting Period.

To the extent that the Shares are held through a custodial arrangement established by the Company and that dividends are paid in respect of such Shares, the Company may in its discretion implement mechanisms intended to reduce the costs associated with international dividend distributions. These mechanisms may include grouped payments and mandatory reinvestment.

At the expiry of the Vesting Period, the Beneficiary may, upon specific request, hold the Shares in another form, notably in bearer form (*au porteur*). In this case, he/she will have to bear the fees related to the transfer and to the custody of the Shares he/she holds.

#### **5 LOCK-UP PERIOD**

There is no lock-up period imposed on the Beneficiaries with respect to the transfer of the Shares delivered to them upon Vesting.

Upon delivery at the expiry of the Vesting Period, the Shares will become available and may be freely transferred by the Beneficiary.

Any Beneficiary or the heirs or assigns of a deceased Beneficiary as provided by Article 3 are entitled to sell the corresponding shares at any time.

However, the Shares must be transferred or sold in compliance with various provisions aimed at ensuring the transparency and the security of financial markets, and in particular those provisions concerning insider trading.

In this regard, pursuant to the provisions of article L. 225-197-1 of the French Commercial Code, upon Vesting, the Shares shall not be transferred or sold:

- during the period of ten trading days that precede the date on which the annual consolidated accounts of the Company are published and during the period of three trading days that follow such date; and
- during the period between the date on which the Company's management bodies have knowledge of information which, were it to be published, could have a significant impact on the price of the Company's traded securities and the tenth trading day after the date on which said information is published.

Should periods defined under article L. 225-197-1 of the French Commercial Code change over time, or be deleted, any new provision will automatically replace the provisions described above.

## **6 CHARACTERISTICS OF THE SHARES AND SHARES RIGHTS**

The Shares delivered to the Beneficiaries will be new or existing ordinary shares to be issued by Sanofi, at the choice of the Board of Directors of Sanofi, which may delegate to the Chief Executive Officer or the Chief Financial Officer the power to make such choice. In the absence of an express choice before the delivery date, then the Shares will be new shares.

The new Shares issued in favour of some or all the Beneficiaries shall have the same rights as those attached to the existing Sanofi shares as from their issuance.

## **7 ADJUSTMENT OF THE NUMBER OF SHARES**

During the Vesting Period, in the event of a redemption or reduction of share capital, a change in the allocation of profits, a grant of free shares to all of the shareholders, an increase in share capital by incorporation of reserves, profits or share premium, a distribution of reserves, a share buy-back at a price above the share price on the stock exchange or any issue of equity instruments that includes subscription rights reserved for the shareholders, the maximum number of Performance Shares awarded pursuant to the Plan may be adjusted by the Board of Directors of the Company in order to take into account such transaction, in a similar manner to the adjustment modalities provided by French law governing options to subscribe or acquire shares. The same applies in case of stock-split or reverse stock-split with respect to the Shares.

If such a situation is not covered by existing French law governing options to subscribe or acquire shares, the General Meeting of shareholders or the Board of Directors when deciding to proceed with such securities issuance or other modification of the share capital may adopt any adjustment measures necessary to protect the rights of the Beneficiaries, using by analogy French law governing similar cases.

Each Beneficiary will be informed of the practical terms of such an adjustment and of its consequences on his/her award of Performance Shares.

In accordance with the 13<sup>th</sup> resolution of the Combined General Meeting dated May 4, 2016, the Performance Shares which would have been freely awarded pursuant to such an adjustment will be deemed to have been awarded on the same day as the Performance Shares initially awarded on the Date of Grant.

## **8 RESTRUCTURING AND MERGERS**

In accordance with article L. 225-197-1 III of the French Commercial Code, in case of a cashless share exchange (*échange sans soulte*) as a result of a merger or a split (*scission*) achieved in accordance with applicable law during the Vesting Period, all the conditions provided in this Plan at the exchange date and, in particular, any Vesting conditions and remaining Vesting Period, will remain applicable to the Performance Shares and to the Shares received in exchange.

## **9 SOCIAL AND TAX TREATMENT**

The Beneficiary is responsible for making declarations and payments to be made or owed by him/her under applicable law and particularly with respect to his/her tax liabilities. Applicable social security law and tax law vary depending on the country of residence of the Beneficiaries.

Each Beneficiary is responsible for inquiring about the social and tax treatment applicable to him/her in his/her country(ies) of residence due to the award of Performance Shares, the Vesting or the delivery of Shares, or at the time of the transfer of the Shares or upon payment of any dividend.

In the event that, as a consequence of the award of Performance Shares, the Vesting or the delivery of Shares, Sanofi or a Group Company would have to pay taxes, social security contributions or any other taxes or governmental contribution on behalf of a Beneficiary, Sanofi reserves the right to defer or prevent the delivery of the Shares until such time as the Beneficiary has paid the corresponding amount to Sanofi or the relevant Group Company. Sanofi or, if applicable, the relevant Group Company has the right (i) to deduct the amount of these taxes, social security contributions, taxes or governmental contribution from the salary or other amount owed to the Beneficiary, or (ii) to transfer or sell all or part of the Shares in order to fulfil the Beneficiary's obligations, the proceeds being directly paid to Sanofi or the relevant Group Company.

Beneficiaries who have been employed in France during the Vesting Period but who would no longer be tax residents of France at the time of the transfer of the Shares will be subject to a withholding tax in France upon sale of the Shares. The tax will be deducted by the bank administering the Plan and may be withheld from the proceeds of such sale. The balance of the proceeds of the sale will only be credited to the personal account of the Beneficiary after payment of any such tax due.

## **10 CONSTRUCTION OF THE PLAN AND GOVERNING LAW**

It will be the responsibility of the Board of Directors to construe the provisions of the Plan, if required, which may delegate this power to the Chief Executive Officer.

Any version of the Plan which may be drafted in a language other than the English language shall be for information purposes only to the attention of non-English speaking Beneficiaries. The English version of the Plan shall prevail.

The Plan is governed and shall be construed in accordance with French law, except for the application to Beneficiaries living outside of France of the definitions of disability and retirement of Article 3.1.2 and the 4<sup>th</sup> paragraph of Article 4 which shall be construed and interpreted in accordance with local law, and any claim relating thereto will be subject to the jurisdiction of the courts within the jurisdiction of the Court of

Appeal of Paris. For Beneficiaries who are American residents or citizens, this Plan shall be construed in accordance with Section 409 A of the United States Internal Revenue Code.

## **11 MODIFICATION OF THE PLAN**

The terms of this Plan may be amended or supplemented by the Board of Directors (i) if it deems such amendment or supplement to be appropriate and not materially adverse to the interest of the affected Beneficiaries or (ii) by mutual agreement with the affected Beneficiaries.

More generally, in the event of a change in any legal, regulatory or accounting requirements applicable to the Plan, or any change in the interpretation thereof, in particular with respect to the fiscal or social treatment of any rights, payments or shares granted under the Plan, affecting the Company, any Group Company or any Beneficiaries, the terms of the Plan may be amended or supplemented by the Board of Directors, in its discretion and in the manner that it deems appropriate, in response to such change. For example, the Board of Directors may choose to shorten or lengthen the Vesting Period and/or to introduce a mandatory lock-up period and/or waive or modify any condition to Vesting and/or introduce new conditions. Furthermore, the Board of Directors may, if it deems the delivery of shares to any Beneficiary would be impossible or inopportune, choose to pay instead an amount in cash of equivalent value, net of taxes and social charges. The amount and timing of any such payment would be determined by the Board of Directors in its discretion, by reference to the number and timing of any Shares to be otherwise delivered hereunder, to be valued by the Board of Directors on or around the scheduled delivery date, or by reference to an average price over a period preceding such date.

Beneficiaries shall not be entitled to any indemnification for any loss of value and/or increased tax or social costs resulting from any such amendments or supplements to the Plan, irrespective of whether such loss or increase is of general application or is specific to them in view of their personal situation.

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By participating in the Plan, the Beneficiary consents to the holding and processing of personal data provided by him/her to any member of the Group or third party service provider for all purposes relating to the implementation of the Plan. These include, but are not limited to:

- (i) administering and maintaining Beneficiary records;
- (ii) providing information to members of the Group, registrars, brokers or third party administrators of the Plan;
- (iii) providing information to future purchasers of the Company or of the business in which the Beneficiary works; and
- (iv) transferring information about the Beneficiary to France or to another country or territory outside of his/her home country and/or of the European Economic Area that may not provide the same statutory protection for the information as the Beneficiary's home country.

Anything in this Plan to the contrary notwithstanding, the award, Vesting of any Performance Shares and delivery of any Shares shall be conditioned on compliance with all applicable laws and regulations. The Company shall not be required to deliver Shares in any circumstances that it deems not to be in compliance with such laws and regulations.

If any such law or regulation shall require the Company, any other Group Company or any Beneficiary to take any action in connection with such award, Vesting or delivery, Vesting and/or delivery shall be suspended and deferred until such action shall have been taken. In any event, neither granting the award nor any other provisions of this Plan shall be construed to require the Company or any other Group Company to take any action to comply with local laws or regulations.

Should any approval required by local laws or regulations not be obtained on a timely basis, or should the Company deem it necessary or advisable in view of such local laws and regulations (including after having taken into consideration the costs and administrative burden of compliance with such local laws or regulations), the Company may (i) require Beneficiaries in the affected country to take delivery of their Shares through a procedure in which the shares are simultaneously sold with the Beneficiary receiving only the net cash proceeds or (ii) implement any other alternative designed to procure an equivalent benefit for the Beneficiaries of the affected country, including cancelling the award of Performance Shares and replacing them with Performance Units.

## PROVISIONS SPECIFIC TO CERTAIN COUNTRIES

### For all countries

*Please note that the decision to include (or not) a Beneficiary in this or any future plans is entirely discretionary. The Plan does not form part of your employment agreement and do not amend or supplement such agreement. Participation in the Plan does not entitle you to future benefits or payments of a similar nature or value, and does not entitle you to any compensation in the event that you lose your rights under any Plan as a result of the termination of your employment. Benefits or payments that you may receive or be eligible for under the Plan will not be taken into consideration in determining the amount of any future benefits, payments or other entitlements that may be due to you (including in cases of termination of employment).*

### Argentina

Your award is being offered to you in your capacity as an employee of the Sanofi Group and is not aimed to the general public. By receiving and accepting your award, you are deemed to (i) acknowledge and accept that the shares have not been authorised by the Argentine *Comisión Nacional de Valores* to be publicly offered in Argentina; and (ii) agree that you will not sell or offer to sell any shares acquired upon settlement of your award in Argentina other than pursuant to transactions that would not qualify as a public offering under article 2 of Argentine Law 26,831, as amended, and its implementing regulations.

The plan documents are being delivered to you in your capacity as an employee of the Sanofi Group. Accordingly, receipt and acceptance of any plan document shall constitute your agreement that the information contained in the plan documents may not (i) be reproduced or used, in whole or in part, for any purpose whatsoever other than as a representation of your holding of shares, or (ii) furnished to or discussed with any person without the express written permission from Sanofi”.

### Australia

No financial product advice is provided in the documentation related to the Plan and nothing in the documentation should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to participate in the Plan.

The documentation does not take into account the objectives, financial situation or needs of any particular person.

Before acting on the information contained in the documentation, or making a decision to participate in the Plan, you should seek professional advice as to whether participation in the Plan is appropriate in light of your own circumstances.

Sanofi undertakes that it will, at any time up to the Vesting Date of the Performance Shares, and within a reasonable period of you requesting it, provide you with relevant information pertaining to the Plan such as the current share price of Sanofi shares and the Australian dollar equivalent of that price.

The provisions of this Plan regarding retirement will be construed in accordance with and subject to Australian law, and will only be given effect to the extent compatible with such law.

No participant has any right to compensation or damages as a result of the termination of his or her office, employment or other contract with a Group Company for any reason, so far as those rights arise or may arise from the participant ceasing to have rights under the offering as a result of the termination.

## **Brazil**

Shares offered under the Plan have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, the CVM). Therefore, Shares offered under the Plan will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation under the Brazilian laws and regulation.

## **Canada**

Shares acquired under the award will be subject to certain restrictions on resale imposed by Canadian provincial securities laws. Acquirers of shares under the award are encouraged to seek legal advice prior to any resale of such shares. In general, Beneficiaries of the award resident in Canada may not resell their shares to Canadian purchasers and must resell their shares outside of Canada.

For residents of Québec: The Beneficiaries of this Plan confirm their express wish that the rules of the Performance Shares Plan for Sanofi and all documents directly or indirectly relating thereto, be drawn up in the English language. *Les participants de ce Plan reconnaissent leur volonté expresse que le règlement du “Sanofi Performance Shares Plan” ainsi que tous les documents qui s’y rattachent directement ou indirectement, soient rédigés en Anglais.*

The Beneficiary may obtain a copy of Sanofi’s annual report on the Sanofi website/*Les Bénéficiaires peuvent obtenir une copie du rapport annuel de Sanofi sur le site internet de Sanofi:*

- English version: <http://en.sanofi.com>
- French version: <http://www.sanofi.com/investisseurs/>

## **Chile**

- (i) This offer commences on May 23, 2016 and it avails itself of the General Rule No. 345 of the Superintendence of Securities and Insurance;
- (ii) This offer relates to securities not registered with the Securities Registry or the Registry of Foreign Securities of the Superintendence of Securities and Insurance, and therefore such securities are not subject to oversight by the latter;
- (iii) Being unregistered securities, there is no obligation on the issuer to provide public information in Chile regarding such securities; and
- (iv) These securities may not be publicly offered until they are registered in the corresponding Securities Registry, unless the conditions set forth in the General Rule mentioned above are complied with.



- (i) La fecha de inicio de esta oferta es el 23 de mayo de 2016 y la misma se acoge a las disposiciones de la Norma de Carácter General N° 345 de la Superintendencia de Valores y Seguros;
- (ii) Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Superintendencia de Valores y Seguros, por lo que tales valores no están sujetos a la fiscalización de ésta;
- (iii) Por tratar de valores no inscritos no existe obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y
- (iv) No podrá hacerse oferta pública de estos valores en tanto éstos no estén inscritos en el Registro de Valores correspondiente, a menos que se cumplan las condiciones establecidas en la referida Norma de Carácter General.

### **China**

Please note that transfers of shares and/or cash in or out of the China shall be subject to the approval of the State Authority for Foreign Exchange to the extent that such approval shall be required or advisable under applicable law. Based on the PRC laws and regulations, the applicable governmental authorities may review and examine the Plan from time to time and the Plan may be requested by such governmental authorities to be modified, amended or cancelled in accordance with PRC laws and regulations and government authorities' requirements. If the Plan is modified, amended or cancelled, your rights under the Plan may be materially and adversely affected. In this case, you will be informed immediately of the situation and Sanofi will coordinate with your local employer.

### **European Union**

The awards are offered to you by Sanofi in accordance with the terms of the Plan which are summarised in the brochure included in the documents distributed to you. More information about Sanofi is available on [www.sanofi.com](http://www.sanofi.com). You are being offered awards under the Plan in order to provide an additional incentive and to encourage employee share ownership and so increase your interest in the Company's success. The number of Sanofi shares being offered under the Plan will not exceed 10% of the issued share capital of the Company being 1,286,838,650 shares as of April 28, 2016.

We believe that under the terms of the Prospectus Directive, there is no obligation to publish a Prospectus in the EU in connection with the Plan.

### **Hong Kong**

#### **WARNING**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the award under the Plan. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document is distributed on a confidential basis. No right to participate in the offering will be granted to any person other than the person to whom this document has been sent. No person in Hong Kong other than the person to whom this document is addressed may treat the same as constituting an invitation to him or her to participate.

This document may not be reproduced in any form or transmitted to any person other than the person to whom it is addressed.

This document was prepared and is issued in Hong Kong by Sanofi, which has taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects. Sanofi accepts responsibility accordingly.

### **Hungary**

The award is offered to you by Sanofi in accordance with the terms of the Plan. Details of your rights in relation to this award can be found in the Plan and the employee communications and brochure included in the documents distributed to you. Further information on Sanofi can be found in the investor section on the Company's website. Please note that the awards of Performance Shares do not qualify as securities under French law; therefore, the granting of awards under the Plan will not trigger any requirements under the Hungarian Capital Markets Act. However, the Shares which will be delivered to you at the end of the Vesting Period will qualify as securities under French law. The offering of securities under the Plan is a private placement in Hungary.

### **India**

The securities are being offered only to the employees of the Sanofi Group and they will not be available for subscription or purchase by any other person.

### **Ireland**

If you are a director or company secretary of sanofi-aventis Ireland Limited or any other participating Irish subsidiary company, you may be required to report the acquisition and disposal of your shares to the company secretary of the relevant company, as required by section 53 of the Companies Act, 1990.

### **Israel**

The Plan shall not alter any employment agreement and the gain realized by the employee will not be regarded as part of the employee's salary or social benefits, such as for the purpose of calculating severance pay. The Plan is voluntary and occasional and does not create any contractual or other right to participate in future plans, or benefits in lieu of such participation, even if employee performance share plans have been repeatedly available in the past.

The grant to Israeli beneficiaries shall be subject to the completion of all required Israeli securities and tax procedures. Grants made to Israeli Beneficiaries shall only take effect upon the passage of 30 days from the date of filing of the Plan with the Israeli Tax Authorities. Israeli Beneficiaries will be informed of the actual grant date in due course.

### **Jordan**

Please note that the shares are offered to you by the French company Sanofi, not by your local employer. The decision to include a beneficiary in this or any future offering is taken by Sanofi SA in its sole discretion. The offering does not form part of your employment agreement and does not amend or supplement such agreement. Participation in the Opera VIII 2016 offering does not entitle you to future benefits or payments of a similar nature or value, and does not entitle you to any compensation in the event that you lose your rights under the offering as a result of the termination of your employment. Benefits or payments that you may receive or be eligible for under the offering will not be taken into consideration in determining the amount of any future benefits, payments or other entitlements that may be due to you (including in cases of termination of employment).

## **Malaysia**

The offering under the Plan is entirely discretionary and the employees have no contractual entitlement to any benefits under the offering. You will have a right to access, modify and correct any of your personal data by means of written notification to your local HR.

## **Mexico**

The performance shares have not been registered with the National Register of Securities and maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. The offering materials related to the Plan may not be publicly distributed in Mexico. This documentation is addressed to you only because of your existing employment relationship with Sanofi and may not be reproduced or copied in any form. The award contained in this documentation is addressed solely to the present employees of Sanofi in Mexico and any rights under such award may not be assigned or delivered.

## **Morocco**

The Beneficiaries of this Plan confirm their express commitment to (i) repatriate in Morocco, as the case may be, any revenue related to their investment (such as dividends) and any proceeds of the sale of shares, (ii) transmit to the *Office des Changes* any documents evidencing the repatriation of these gains, as well as any other documents requested by such authority, via their employer or not (such as a legalized power of attorney addressed to their employer giving the latter the right to sell on their behalf the shares and repatriate into Morocco the corresponding revenues and proceeds of the sale) and (iii) comply with the regulations relating to employee shareholding plans, including the obligation to sell without delay their shares in the event they no longer belongs to the Moroccan Sanofi subsidiary.

## **New Zealand**

This grant is intended to comply with the French Issuers Exemption Notice to the New Zealand Securities Act 1978 and Securities Regulations 2009. In that regard, Beneficiaries may find Sanofi's most recent annual report and published financial statements available at <http://en.sanofi.com>. Beneficiaries should contact their local HR representative if they require a hardcopy of the above documents.

## **Poland**

This Plan and all documentation attached have not been reviewed or approved by the Polish Financial Supervision Commission.

## **Russia**

Please note that this grant is being made offshore and the shares may not be transferred into Russia.

## **Saudi Arabia**

Please note that this grant is being made offshore and the shares may not be transferred into Saudi Arabia.

## **Serbia**

Please note that Beneficiaries who are resident in Serbia may need to comply with ongoing reporting requirements to the National Bank of Serbia in order to receive their shares.

## **Singapore**

The Shares, once delivered, may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, an exemption under any provision of Subdivision (4) of Division 1 or (as the case may be) Division 2 of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore.

## **South Africa**

This award does not require the SARB approval. However, employees may consider placing the scheme on record with SARB upon delivery of the shares.

## **Spain**

Investments in foreign securities must be notified for statistical purposes to the Registry of Investments at the Spanish Ministry of Economy and Competiveness. Therefore you must be aware that you must fill in an official form D-6 during each month of January in respect of your holding of Sanofi shares outside of Spain. In addition, new measures regarding reporting obligations to the Bank of Spain on foreign transactions carried out by Spanish residents are applicable since January, 2014 by means of Circular 4/2012, of 25<sup>th</sup> April.

## **Sri Lanka**

Please note that Central Bank approval may be required for operation of the Plan, dividends or shareholding in Sri Lanka.

## **Switzerland**

Please note that a Prospectus will be made available to Beneficiaries who are resident in Switzerland and can be obtained from the local HR representative, if new shares are to be issued to them.

## **Taiwan**

Please note the performance shares you will be delivered under this plan cannot be offered, distributed or resold to the public in Taiwan.

## **Tunisia**

Please note that Beneficiaries who are resident in Tunisia are required to declare to the Central Bank of Tunisia their holding of assets outside of Tunisia within 6 months of their acquisition, unless they are held through an authorized intermediary in Tunisia. In addition, Beneficiaries are required to repatriate all revenues and proceeds from outside of Tunisia under the conditions and within the timing set by the Central Bank of Tunisia.

## **Turkey**

This document is for information purposes only and no information set out here is provided for the purpose of offering, marketing or selling, by any means, any capital market instruments in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to Turkish residents. The Shares have not been and will not be registered with the Turkish Capital Markets Board and accordingly the Shares acquired at Vesting may not be offered or sold within the Republic of Turkey under prevailing capital markets regulations. There is, however, no restriction on the purchase or sale of the Shares by residents of the Republic of Turkey, provided that they purchase or sell such Shares in the financial markets outside of the Republic of Turkey, and such sale and purchase is made through banks, and/or licensed brokerage institutions in the Republic of Turkey.

## **United Arab Emirates**

Please note that this grant is being made offshore and the shares may not be transferred into the UAE.

## **United States**

The Performance Shares have not, as of the date hereof, been registered with the United States Securities and Exchange Commission, and Sanofi makes no undertaking to make such a registration. Until such a registration is made, shares awarded under this Plan may only be sold in the United States in a transaction that is exempt from the registration requirements of the Securities Act of 1933 and may not be deposited in an unrestricted American Depositary Receipt facility.

For Beneficiaries who are U.S. citizens or residents of the U.S. for tax purposes, whether or not employed by a U.S. subsidiary at the time of the award, “disability” shall refer to a situation in which a Beneficiary is deemed to have become disabled for the purposes of Section 409A of the United States Internal Revenue Code and more generally, this Plan shall be interpreted in a manner that is consistent with such section so as not incur any additional tax or surcharge. Furthermore, any provision herein that may be construed as requiring or permitting a change in the delivery date of the Shares awarded to a U.S. citizen or resident shall only be given effect if consistent with such section so as not incur any additional tax or surcharge.

In the case of death or disability, notwithstanding the provisions of Article 3.3, delivery shall be automatic and shall be made within the timing required by Section 409A.

For Beneficiaries who are U.S. citizens or residents of the U.S. for tax purposes, if before the expiry of the Vesting Period, such a Beneficiary takes retirement or early retirement, he/she will retain his/her right to vesting only if he/she has attained the age of 55 and at least 10 years of service.

## **Uruguay**

The grant of the right to receive the Performance Shares constitutes a private placement pursuant to section 2 of Uruguayan law 18.627. The Performance Shares Plan 2014 and the Performance Shares are not and will not be registered with the Financial Services Superintendence of the Central Bank of Uruguay.

## **Vietnam**

Please note that no Performance Shares will be delivered prior to the approval of the State Bank of Vietnam to the extent that such approval is required or advisable under applicable law. Additionally, approval by the State Bank of Vietnam does not permit you to sell or transfer the Performance Shares within Vietnam itself. Vietnamese beneficiaries must immediately remit to Vietnam all proceeds from the sale of their shares. Expatriate employees are not similarly required to remit proceeds from the sale of the shares, but they must nevertheless declare and pay their personal income tax to the Vietnamese tax authorities.

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