

Sustainability-Linked Revolving Credit Facilities

GRI Standards:

N/A

EXECUTIVE SUMMARY

As at May 28, 2024, Sanofi has two Revolving Credit Facilities ("RCFs") for a total amount of €8 billion, in line with its strategy to secure liquidity sources :

- RCF #1 - €4 billion revolving credit facility expiring December 2027 (no remaining extension option)
- RCF #2 - €4 billion revolving credit facility expiring in March 2029 (with one 1y-extension option remaining)

Both RCFs are "Sustainability-Linked", i.e. incorporate an adjustment mechanism that links the cost of the facilities to the achievement of annual targets for three selected sustainable KPIs:

- RCF #1 - Carbon footprint reduction & Contribution to Polio eradication
- RCF #2 - Carbon footprint reduction & Essential Medicines provision

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1. Sanofi's Sustainability Strategy

In December 2019, CEO Paul Hudson unveiled the company's new strategic framework, Play to Win, to drive growth across all Sanofi's activities. Play to Win strategy is based on four key pillars:

- Focus on growth
- Lead with innovation
- Accelerate efficiency
- Reinvent how we work

Sanofi also renewed its commitments to fully embed Sustainability in its Play to Win strategy through four flagship programs:

- Affordable access
- Vulnerable communities
- Healthy planet
- Inclusive workplace

2. Sustainable Finance within Sanofi

Sanofi is the first large scale pharmaceutical company to structure a Sustainability-Linked RCF.

2.1. KPI 1 – CONTRIBUTION TO ERADICATE POLIO

KPI 1 - Contribution to eradicate Polio means the number of doses of Inactivated Polio Vaccines delivered to UNICEF for GAVI countries per year by Sanofi. In 2023, the number of doses delivered was 35 million.

So far, yearly targets have been defined from 2021 to end of 2025.

A dose refers to a vaccine dose which means the quantity of a formulation containing Polio Vaccine given to an individual in a single immunization.

Sanofi has partnered with the Global Polio Eradication Initiative (GPEI) for nearly 30 years and supplies UNICEF with polio vaccines at preferential prices via GAVI, the Vaccine Alliance, which aims to vaccinate the populations of 73 of the poorest countries on the planet with the aim to eradicate Polio.

Polio is considered as a top priority by the World Health Organization since 1988 when it launched the GPEI. The Polio Eradication Program has been a remarkable success as the number of countries in which polio is endemic has decreased from 125 countries in 1988 to two countries in 2020. The number of cases had decreased until 2019 giving the world hope that we were making strides towards eradication; however, the epidemiology has worsened since then and the Covid-19 crisis has negatively impacted polio programmes.

The GPEI estimates that without eradication efforts, 200,000-250,000 cases of polio would be diagnosed per year, causing four million children to be paralyzed over the next 20 years and if polio is not eradicated but rather continues to be controlled, ongoing polio surveillance will require extensive financial and operational efforts.

In the fight for Polio Eradication, Sanofi has historically played a critical role from the very beginning with the supply of significant number of doses of OPV2 to support the GPEI, with more than 14 billion doses of the oral vaccine delivered. In preparation for the "end game," the very last step of wild polio control, Sanofi has made significant investment over the past decade in its industrial capabilities and is now able to supply 50% of the IPV3 doses requested by UNICEF, an effort that is unique among all suppliers who support the initiative (Sanofi invested in a new IPV dedicated building to be able to support implementation of one dose of IPV in all countries and is now ready to supply for 2 doses as per new WHO recommendation). Sanofi offers its lowest price to UNICEF, to allow affordable programme implementation for all.

2.2. KPI 2 - REDUCTION OF SANOFI CARBON FOOTPRINT

KPI 2 - Carbon Footprint Reduction means, expressed as a percentage, the achieved reduction in greenhouse gas emissions (absolute values for CO₂ equivalent) for industrial, Research & Development and tertiary sites for Scope 1 and Scope 2 (including medical representatives' fleet) considering 2019 as the base year.

Yearly targets have been defined in concordance of the goal to achieve a 55% reduction in the combined Scope 1 and Scope 2 CO₂ emissions by 2030 compared to 2019 baseline, as validated by Science Based Target Initiative to be aligned with a 1.5°C scenario.

The primary data is informed by Sanofi sites using the corporate HSE reporting tool (SHERPA) in a quarterly basis for manufacturing and R&D sites, and annually for rest of the sites. The primary data comes from energy invoices or equivalent valid documents. The SHERPA tool estimates CO₂ equivalent absolute values using consolidated primary data and emissions factors.

Direct emissions are calculated on the basis of Greenhouse Gas (GHG) Protocol data. Indirect emissions from other energy sources purchased from external suppliers are accounted for as follows:

- emissions from electricity generation: emission factors are market based (obtained from the suppliers if available and checked), or location based (by default), from the last published data by the International Energy Agency
- emissions generated by the production of steam are calculated on the basis of site-specific factors, or estimated using our own internal standards; and
- emissions from our medical representative vehicle fleet are included in Scope 1

2.3. KPI 3 - ESSENTIAL MEDICINES PROVISION

KPI 3 – Essential Medicines Provision means, the cumulative number of patients provided with Essential Medicines by Sanofi Global Health in Low Income Countries (“LICs”) and in Lower-Middle-Income Countries (“LMICs”).

Essential Medicines means those essential medicines listed from time to time as treatments for the following non-communicable diseases on the World Health Organization Model List of Essential Medicines List: cardiovascular disease, diabetes, mental health and oncology (or medicines for such non-communicable diseases recognized as per the World Health Organization Model List of Essential Medicines List as therapeutic alternatives to those included on the World Health Organization Model List of Essential Medicine).

The number of patients is calculated based on the volume of Essential Medicines sold by SGH throughout the period divided by the relevant volume per patient.

According to the latest Access to Medicines Index, many of the world's poorest countries still do not benefit significantly from access strategies being implemented by the world's largest pharmaceutical companies. The 2021 Index shows that less than half of key products controlled by 20 large companies are being offered through access strategies in countries classified by the World Bank as either LMICs or LICs. The shortfall is particularly acute in LICs, which are most consistently overlooked by companies despite being home to almost 700 million people. In that context, with its dedicated non-profit unit Sanofi Global Health, Sanofi will provide the world's poorest countries with access to essential medicines to address non-communicable disease treatment. Sanofi commits to the provision by SGH of Essential Medicines to at least 1.5 million patients between 1 January 2022 and 31 December 2026 (cumulative) in LICs and LMICs

Between 1 January 2022 and 31 December 2022, SGH provided 185,151 patients in LICs and LMICs with Essential Medicines. Sanofi therefore commits in the RCF #2 documentation (as it was implemented in March 2023), to the provision by SGH of Essential Medicines to at least 1,314,849 patients between 1 January 2023 and 31 December 2026 (cumulative) in LICs and LMICs.

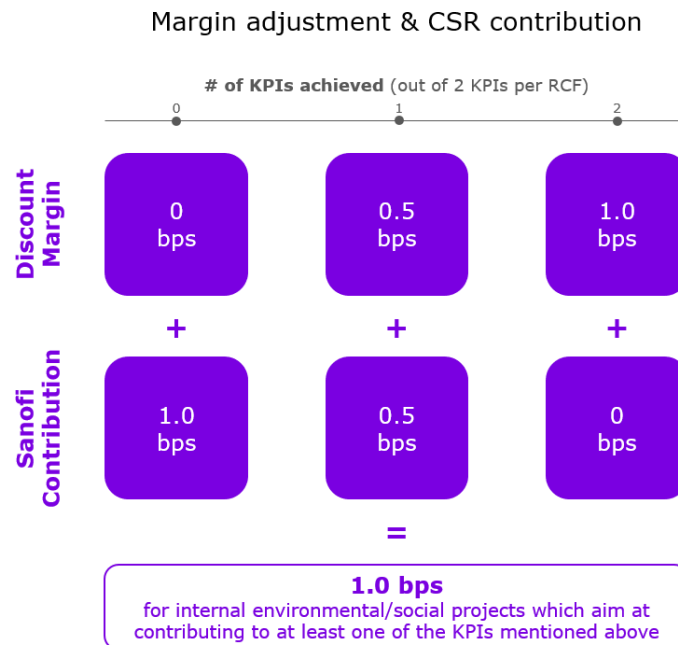
2.4. INTEREST RATE ADJUSTMENT AND ANNUAL CONTRIBUTION

The interest rate of both RCFs is linked to the two selected KPIs, with targets set annually.

- Each KPI is equally weighted and account for 0.5bps
- The applicable interest rate for the year will be reduced by 0.5bps if Sanofi achieves one KPIs, and by 1.0bps if Sanofi achieves two KPIs

The innovative character of the transaction lies on Sanofi’s commitment to invest yearly a fixed contribution to internal environmental and/or social projects which aim at contributing to at least one of the KPIs mentioned above. Depending on the achievement (or not) of each respective KPI, the annual contribution will either arise from:

- A discount on the interest rate. If Sanofi achieves its yearly performance targets, it will use the reduction in the interest rate to fund the contribution. In that case Sanofi’s lending banks will support this contribution through a discount margin
- A direct contribution by Sanofi. If it does not achieve its yearly performance targets, Sanofi will bear the costs of the contribution



The selected KPIs are integrated in Sanofi’s Universal Registration Document (URD).