



## **COMPENSATION OF THE CHAIRMAN AND THE CEO**

*In accordance with the recommendations of the AFEP-MEDEF corporate governance code, Sanofi is publishing below details of the compensation arrangements for its Chairman and its Chief Executive Officer as approved by the Board of Directors at its meeting of February 12, 2025, acting on recommendation from the Compensation Committee.*

### **I Compensation arrangements for Frédéric Oudéa, Chairman of the Board of Directors**

#### **A. Compensation in respect of 2024**

Frédéric Oudéa was appointed Chairman of the Board of Directors on May 25, 2023.

The Board of Directors of February 22, 2024, had decided to set the annual fixed compensation of Frédéric Oudéa at €880,000 gross. For the 2024 financial year, Frédéric Oudéa's compensation amounted to €884,836 gross.

In line with the compensation policy approved by the shareholders at the Annual General Meeting of April 30, 2024, he did not receive any variable compensation and was not awarded any stock options or performance shares. Nor did he receive any attendance fees in his capacity as a Director. The amount reported for benefits in kind relates mainly to a company car with a driver. Frédéric Oudéa is not covered by the Sanofi top-up defined-benefit pension plan.

#### **B. Compensation in respect of 2025**

On February 12, 2025, acting on recommendation from the Compensation Committee, the Board of Directors maintained his annual fixed compensation at €880,000 gross.

Frédéric Oudéa will not receive any variable compensation, stock options or performance shares. Nor will he receive any attendance fees. He does not receive any attendance fees in his capacity as a Director, nor does he receive any compensation from a company included in Sanofi's scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.

### **II – Compensation arrangements for Paul Hudson, Chief Executive Officer**

#### **A. Compensation in respect of 2024**

##### *Fixed and variable compensation*

In line with our compensation policy for the Chief Executive Officer, as approved by our shareholders at the Annual General Meeting of April 30, 2024, Paul Hudson's annual compensation for 2024 comprised (i) annual fixed gross compensation of €1,400,000 and (ii) annual variable compensation in a range from 0% to 250% of his annual fixed compensation, with a target of 150%, and subject to both quantitative and qualitative criteria. These objectives were 60% based on financial indicators, and 40% based on specific individual objectives (see the table below).

Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of February 12, 2025, reviewed the attainment of each criterion and sub-criterion and set Paul Hudson's variable compensation for 2024 at €2,566,200 gross, equivalent to 183.25% of his fixed compensation. Payment of his variable compensation is contingent on approval of his compensation package by the

shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code.

The Board's conclusions are summarized in the table below:

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed compensation)
<b>Financial objectives</b>						
Sales growth	Quantitative	20%	30% / 50%	158.56%	Confidential target, Performance above budget	47.57%
Business earnings per share (Business EPS) <sup>(a)</sup>	Quantitative	20%	30% / 50%	112.54%	Confidential target, Performance above budget	33.76%
Free cash flow	Quantitative	20%	30% / 50%	116.92%	Confidential target, Performance above budget	35.08%
<b>Individual objectives</b>						
					Overall Business:	
					<ul style="list-style-type: none"> <li>• Double-digit growth sustained through successful launches of innovative medicines; and</li> <li>• Significant progress made in modernizing the Group with progress on initiatives to achieve external commitments: deployment of a new standard commercial blueprint model across all business units, significant progress on the hub strategy to foster synergies &amp; innovation, dynamic reallocation of resources across the Group to fund the pipeline and growth through optimized supplier relationships, realignment of the R&amp;D footprint to focus research platforms towards an ambition of becoming an Immunology powerhouse.</li> </ul>	
					Manufacturing and Supply:	
					<ul style="list-style-type: none"> <li>• Significant progress on the implementation of the Manufacturing and Supply Operating Model with key performance outcomes improved across Safety, Quality, Supply and Cost, and improved industrial performance delivered vs. 2023.</li> </ul>	
					Asset Portfolio Opella:	
Business Transformation	Quantitative / Qualitative	15.0%	22.5% / 37,5%	102.17%	<ul style="list-style-type: none"> <li>• Achieved milestones on separation planning and strategy for Consumer Healthcare business.</li> </ul>	22.99%
					Digital:	
					<ul style="list-style-type: none"> <li>• Advance made on Sanofi's data-driven mindset development programs, extending digital executive programs to senior leaders. (target exceeded with more than 700 executives trained); and</li> <li>• Successful deployment of new generative AI cases across the organization: <ul style="list-style-type: none"> <li>- In R&amp;D: 60% of medical writers trained for Clinical Study reports writing with GenAI tool; and</li> <li>- In M&amp;S: implementation of GenAI tool for Product quality report (PQR) writing in 68% of manufacturing sites.</li> </ul> </li> </ul>	

Criterion	Type	Weight	Target/Maximum (as % of fixed compensation)	Attainment level	Comments	Payout (as % of fixed)
Development Pipeline	Quantitative	15%	22.5% / 37.5%	118.50%	<p>R&amp;D achieved above execution focused KPI with:</p> <ul style="list-style-type: none"> <li>• 21 submissions and 14 regulatory approvals in different indications across major countries;</li> <li>• 4 priority reviews and 11 regulatory designations received;</li> <li>• Increased productivity in clinical development: 7 phase 3 studies and 11 phase 2 initiated, 6 new molecular (NMEs) or vaccines (NVEs) entities entered the clinical phase (FIH);</li> <li>• Scientific research has achieved above execution focused KPI with delivery of: 16 entries into M1, 9 development candidates into M2; and</li> <li>• Reinforcement of the pipeline through business development and acquisitions: 35 new BD partnerships (25 pharma; 5 vaccines; and 5 outlicensing) signed. Acquisition and integration of Inhibrx (Pharma).</li> </ul>	26.66%
CSR / ESG	Quantitative/ Qualitative	10%	15% / 25%	114.58%	<p>People &amp; Culture:</p> <ul style="list-style-type: none"> <li>• Significant progress on Sanofi culture shift with global engagement score increased vs 2023; and</li> <li>• Balanced representation of men and women among identified succession candidates for executive roles.</li> </ul> <hr/> <p>Environmental:</p> <ul style="list-style-type: none"> <li>• CO2 (Scope 1&amp;2) reduction between Q3 2023 and Q3 2024 = 14%; and</li> <li>• CO2 (Scope 3) reduction between Q3 2023 and Q3 2024 = 6.5%.</li> </ul> <hr/> <p>Governance:</p> <ul style="list-style-type: none"> <li>• Cohesive and high-performing Executive Committee successfully assembled; and</li> <li>• Effective communication channels and collaborative relationships established between the new team and the Board of Directors.</li> </ul>	17.19%
<b>Total</b>		<b>100%</b>	<b>150% / 250%</b>	<b>122.20%</b>		<b>183.25%</b>

(a) For a definition, see "Item 5. Operating and Financial Review and Prospects - A. Operating results — 1.5. Business net income" in Sanofi's 2024 Annual Report on Form 20-F.

### Performance shares awarded to Paul Hudson in 2024

In line with our compensation policy for the Chief Executive Officer, the Board of Directors meeting of April 30, 2024, decided to award Paul Hudson 82,500 performance shares in respect of 2024. The valuation of that award as of April 30, 2024, determined in accordance with IFRS and incorporating a market-related condition, was €5,971,350, equivalent to 4.27 times his fixed compensation.

To align equity-based compensation on our medium-term performance, a three-year period (2024-2026) is used to measure performance.

In compliance with the AFEP-MEDEF Code, the entire amount of these awards is contingent upon both internal criteria based upon business net income (BNI) and free cash flow (FCF), and an external criterion based on total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies. The main characteristics of the plan are set out on pages 138 and following of the 2024 Annual Report on Form 20-F.

### Pension arrangements

Paul Hudson is entitled to benefits under the top-up defined-contribution pension plan introduced within Sanofi on January 1, 2020. Under the terms of the plan, the Chief Executive Officer receives (subject to attainment of a performance condition) an annual contribution of up to 25% of his reference compensation (annual fixed and variable compensation).

The performance condition for the vesting of pension rights is linked to the attainment of the performance criteria for 2023 variable compensation. The Board of Directors, at its meeting of February 12, 2025, ascertained whether that performance condition had been met, noting that the attainment level for the variable portion of Paul Hudson's compensation for the 2024 financial year was 122.20%.

The annual gross contribution is paid as follows:

- 50% as a gross insurance premium to the fund manager – the amount due to the fund manager with respect to 2024 is €495,775; and
- 50% to Paul Hudson, to indemnify him for the social security and tax charges for which he will become immediately liable. The amount due to Paul Hudson with respect to 2024 was set by the Board of Directors at its meeting of February 12, 2025, at €495,775.

Payment of those amounts is contingent on approval of the Chief Executive Officer's compensation package by the shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 22-10-34 II of the French Commercial Code

### *Benefits in kind*

The benefits in kind received by Paul Hudson in 2024 were valued at €13,497 and correspond to a company car with a driver.

### *Social welfare and health insurance*

Paul Hudson is subject to, benefits from and contributes to the same health cover, and death and disability plans as are applicable to other employees of Sanofi based in France. He also benefits from an unemployment insurance scheme.

## B. Compensation in respect of 2025

### *Annual fixed and variable compensation*

The annual fixed compensation of the Chief Executive Officer was set at €1,400,000 gross from 2022 through 2024; it had previously remained unchanged since 2019.

The Board meeting of February 12, 2025 decided to increase the annual fixed compensation of the Chief Executive Officer to €1,600,000 gross with effect from January 1st, 2025; for an explanation, refer to our 2024 Annual Report on Form 20-F "— *Compensation policy for the Chief Executive Officer — General principles and — Review of the Chief Executive Officer's compensation at the Board meeting of February 12, 2025* (p.127)."

Annual variable compensation is in a range between 0% and 250% of fixed compensation, with a target of 150%. It is subject to a range of varied and exacting performance criteria, both quantitative and qualitative. The criteria are reviewed annually in light of the strategic objectives determined by Sanofi. The Board of Directors sets the criteria for each year at the start of that year on the recommendation of the Compensation Committee.

For 2025, the criteria are:

- 60% based on financial indicators published by Sanofi: sales growth, free cash flow (FCF) and business earnings per share (business EPS), each accounting for 20%; and
- 40% based on specific individual objectives.

These individual objectives comprise:

- Business transformation (15%):  
*(R&D Platform Optimization, Review of Manufacturing & Supply Operating Model, Smart Spending, Asset Portfolio, Ongoing Digital Transformation);*
- Development pipeline (15%):  
*M1 (Lead selection), M2 (Candidate selection) First in Human, Pivotal Studies, Submissions, Approvals); and*
- CSR (10%):

*People & Culture, Environment, Governance (efficient Executive Committee operations and effective Board interactions).*

### *Equity-based compensation*

Acting on recommendation from the Compensation Committee, the Board of Directors meeting of February 12, 2025 decided to award Paul Hudson 90,000 performance shares in respect of the 2025 financial year. In compliance with the AFEP-MEDEF Code, the entire amount of these awards is contingent upon both internal criteria (based upon business earnings per share (business EPS), free cash flow, R&D pipeline and CSR criteria), and an external criterion (based on improvement in TSR relative to that of a benchmark panel of 12 leading global pharmaceutical companies<sup>1</sup>. Given the increase in the number of performance shares it is proposed to award to the Chief Executive Officer in respect of 2025, it is proposed to increase the weighting of the TSR criterion from 20% to 30%. To enable the TSR weighting to increase to 30%, the Business EPS weighting would reduce from 35% to 30%, and the FCF weighting from 25% to 20%; the R&D and CSR criteria would remain unchanged.

The CSR criteria, both of which are quantitative, and which count for 10% of the award, are (i) affordable access: providing essential medicines to non-communicable disease patients through Sanofi Global Health and (ii) Planet Care: Carbon Footprint Reduction, scopes 1 & 2 (reduction in CO2 emissions vs 2019).

Details of the performance objectives applicable to the Chief Executive Officer's equity-based compensation plan for 2025, including the mechanisms used to determine the attainment level for each criterion, will be published on our corporate website, in the "Compensation" section of the "Governance" pages, in advance of the Annual General Meeting to be held on April 30, 2025.

### *Social welfare and health insurance*

Paul Hudson is subject to, benefits from and contributes to the same health cover, and death and disability plans as are applicable to other employees of Sanofi based in France. He also benefits from an unemployment insurance scheme.

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**For more details on the compensation of our directors and corporate officers, refer to our 2024 Annual Report on Form 20-F, a copy of which is available on our corporate website at [www.sanofi.com](http://www.sanofi.com).**

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<sup>1</sup> The companies constituting this benchmark panel (12 companies + Sanofi) are the following: Amgen, AstraZeneca plc, Bayer AG, Bristol-Myers Squibb Inc., Eli Lilly and Company Inc., GlaxoSmithKline plc, Johnson & Johnson Inc., Merck Inc., Novartis AG, Novo Nordisk, Pfizer Inc., and Roche Holding Ltd.).