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# *Fundamental Human Rights at Work*

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**GRI Standards:**

407-1: Freedom of Association and Collective Bargaining

408-1: Child labor

409-1 Forced or Compulsory Labor

412-1, 412-2, 412-3: Human Rights Assessment

## **EXECUTIVE SUMMARY**

Sanofi's Human Rights Statement specifies that as a multinational healthcare company keenly aware of its social responsibility, Sanofi is committed to integrating respect for human rights into all its business operations and public positions. For several years now, Sanofi has expressed and reiterated its commitment to respect the principles of the United Nations Global Compact and other international standards in the field of human rights.

Since 2015, Sanofi has also committed to uphold the international reference framework, the United Nations Guiding Principles and to exercise due diligence on the potential impacts of its activities on individuals. This factsheet aims to describe specific policies and processes implemented by Sanofi to respect the fundamental rights of workers. Fundamental rights of workers are one of the major vigilance challenges identified in the vigilance plan of Sanofi (application of the French duty of vigilance law).

*For more information on the human rights vigilance approach of Sanofi, see our [Document Center: Human Rights Due Diligence Factsheet](#).*

This approach is structured around several functions: the CSR Department provides expertise on how to take human rights into account in the Company's activities, both the Procurement and the HR functions ensure the deployment of policies and action plans, and the Internal Control and Internal Audit functions ensure that its policies are deployed and respected.

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# 1. Dedicated policies on fundamental rights at work

Since 2015, we have pursued our human rights due diligence process in line with the UN Guiding Principles with a focus on strengthening our internal guidelines on human rights at work.

To this end, Sanofi adopted three internal policies on freedom of association, on interdiction of forced labor and interdiction of child labor. Based on the UN Guiding Principles, they define the Company's commitments to respect the ILO standards and describe operational due diligence processes and grievance mechanisms to be established. They complement our existing Diversity Policy to support a comprehensive framework on human rights at work for both the Company and our suppliers.

## 1.1. SCOPE OF THESE POLICIES

These three global policies apply to all Sanofi corporate functions, regions, countries and divisions worldwide.

The Responsible Procurement approach asks suppliers to comply with Sanofi's Human Rights commitments.

*For more information on actions linked to the respect of human rights by suppliers, see our [Document Center](#): the Sustainable Procurement Factsheet or the Human Rights Due Diligence Factsheet.*

## 1.2. COMMITMENTS OF THE POLICY ON FREEDOM OF ASSOCIATION

Sanofi commits to respect at a minimum the provisions of the ILO conventions 87 and 98 on freedom of association and the right to collective bargaining, without prejudice to more favorable national provisions. We recognize freedom of association and the right to collective bargaining and require our suppliers to comply with the same standards.

This means that:

- Sanofi recognizes that all employees are free to form and/or join a workers' organization of their own choice and does not interfere with this right;
- we prohibit any intimidation, harassment, punishment or discrimination against employees due to trade union activities and we do not discourage any employee from joining organizations of their own choosing;
- we respect the right to collective bargaining and the role of workers' organizations for the purpose of collective bargaining and we commit to bargain in good faith;
- we allow workers' organizations to act entirely independently, by giving them reasonable access to the information, resources and means necessary to accomplish their missions; and
- in case of conflict between international standards and domestic laws, Sanofi aspires to international standards by finding alternative ways to respect these rights:
  - > giving employees the opportunity to express collectively their concerns to the Company without fear of reprisal, and
  - > providing open, constructive and faithful dialogue to resolve matters relating to working conditions and employment terms and relations between employers and workers.

*For more information, see our [Document Center](#): the Code of Conduct, the Suppliers' Code of Conduct and the Social Charter documents.*

### 1.3. COMMITMENTS OF THE POLICY ON FORCED LABOR

Sanofi commits to respect at a minimum the provisions of the ILO conventions 29 and 105 on the abolition of forced labor, without prejudice to more favorable national provisions. We reject all forms of forced labor (included debt bondage and trafficking) as defined by these international labor standards and require our suppliers to comply with the same standards. We grant particular attention to vulnerable workers, especially migrant workers.

This means that:

- Sanofi is not engaged in and does not support worker exploitation amounting to forced labor;
- we give all employees:
  - > the right to enter into employment voluntarily and freely, without the threat of penalty, and
  - > the right to freely terminate employment voluntary by means of notice of reasonable length at any time and without penalty,
- we ensure that all employment contracts are written and transparent and include comprehensive provisions for employees;
- we guarantee that wages are paid regularly and allow employees and their family to meet their basic needs (according to the local context);
- we respect working time in accordance with the most favorable provisions between international standards or national legislation; and
- we ensure that our intermediaries and agencies recruitment do not use any practices which may lead to forced labor.

*For more information, see our [Document Center](#): the Code of Conduct, the Suppliers' Code of Conduct and the Social Charter documents.*

### 1.4. COMMITMENTS OF THE POLICY ON CHILD LABOR

According to the new Child Labor Policy, Sanofi commits to respect at a minimum the provisions of the ILO conventions 138 and 182 on the prohibition of child labor, without prejudice to more favorable national provisions. We reject all forms of child labor as defined by these international labor standards and require our suppliers to comply with the same standards.

This means that:

- Sanofi is not engaged and does not support any forms of child labor;
- employment of people under the age of 15 or under the legal age for finishing compulsory schooling is prohibited; and
- no hazardous work can be performed by a person under the age of 18.

*For more information, see our [Document Center](#): the Code of Ethics, the Suppliers' Code of Conduct and the Social Charter documents.*

As mentioned above, these three policies define the Company's commitments to respect the ILO standards and describe operational due diligence processes and grievance mechanisms to be established.

### 1.5. COMMITMENTS OF THE POLICY ON DIVERSITY INCLUDING NON-DISCRIMINATION

Our Diversity Policy is designed to promote diversity in the broadest sense possible. It outlines the framework and principles governing non-discrimination, equal opportunity and respect for individuals.

We base our commitment on:

- non-discrimination, which is integrated in our Human Resources processes;
- equal treatment and equal opportunity for all;
- awareness and training for all employees relevant to their local environments and laws;
- updating the policy's orientations and priorities on a yearly basis; and
- an established procedure for employees to report complaints.

We prohibit all forms of discrimination and comply with international standards, national laws and regulations in the area of human rights and labor law.

Fostering a stimulating, creative and non-discriminatory workplace environment for all employees and contractors, while ensuring respect for diversity and personal dignity, is part of the Sanofi Code of Conduct and our Social Charter.

### ● **Human rights issues linked to equal remuneration:**

At Sanofi we believe in paying equitably for similar work. This does not necessarily mean everyone doing the same job will receive the same pay. Any differences in salary should be clearly explainable in line with Sanofi's pay policies (grade, job profiles, location, skills, etc.). In 2021, the Company launched a Global Pay Equity Action Plan to track and reinforce practices to ensure and promote pay equity. This action plan includes three core global commitments:

- > Regularly monitor gender pay equity across all countries via the dashboards available and develop action plans to remediate any unjustified pay gaps.
- > Push further for equity in all pay decisions, develop Pay Equity mindset and addressing factors that may impact pay gaps at each critical pay step (hiring, pay review, etc.).
- > Encourage local processes to review base salary for employees returning from parental / family leave, preventing disparities.

The Company aims to avoid any discrimination (e.g. based on gender, race, etc) while making compensation decisions and base those decisions on Sanofi pay policies. Where disparities exist, Sanofi seeks opportunities to allocate specific budgets to address pay gaps in one or multiple steps. For example, in France, 0.1% of the total salary mass was allocated to reducing the pay gap between women and men. Similarly, many other countries also kept a dedicated budget to address pay equity related adjustments during 2022.

*For more information, see our [Declaration of Extra-Financial Performance 2022](#), section 4.3.1.5.2.2. Ensuring pay equity*

## 2. Identifying specific salient issues

With respect to Sanofi's activities, the following risks have been specifically identified as salient with respect to the fundamental rights of employees:

- for activities related to sales, R&D and support functions: psychosocial risks and risks of isolated practices affecting freedom of association and the principle of non-discrimination; and
- for manufacturing and distribution activities: risk of employment of migrant workers in situations that may amount to forced labor, risk of excessive working hours, risk of a wage lower than the decent wage, risk of hazardous work performed by children under 18 years of age and impossibility for Sanofi to respect its commitments regarding freedom of association or non-discrimination in countries at risk.

The risk factors used to define human rights risks are related to the characteristics of the workforce. To assess the criticality of its risks, inherent risk factors were defined: level of qualification, working conditions, possible presence of vulnerable workers and countries of activity (laws insufficient or contrary to international standards, common practices of human rights violations, strong presence of vulnerable populations on the territory). The specific activities of employees (industrial, commercial populations,

support functions, etc.) made it possible to define the probability of occurrence of each risk as well as its severity (seriousness of the potential risk and number of people potentially affected, risk of systemic or isolated violations). This methodology was developed in consultation with the Risk Department.

### *3. Implementing specific and operational due diligence processes*

Sanofi implements a global “freedom of association,” “interdiction of child labor” and “interdiction of forced labor” due diligence process:

- at every level of the Company, vigilance must be reinforced to ensure appropriate mitigation of the risk of non-respect of freedom of association, use or benefit of forced labor and use or benefit of child labor;
- adequate internal control measures must be in place to ensure respect of freedom of association and no use of forced labor or child labor; and
- the Procurement Risk Management Model must identify and assess suppliers according to their respect of freedom of association, the prohibition of forced labor and the prohibition of child labor.

These are compulsory for all business entities (corporate functions, departments and countries). Every employee must therefore be aware of and commit to individually respect the principles of the reference documents upheld by Sanofi, both internally and externally.

#### **Implementation of the policies:**

- existing processes were strengthened in 2018:
  - > revision of the “human and social rights” risk sheet in order to better qualify the “human rights” risk, understood as the risk of violating workers' human rights and the assessment of severity in relation to the severity of the impacts on employees,
  - > qualification of the risks associated with respect for fundamental workers' rights and their criticality (see risk mapping), and
  - > by revising existing policies to make risk assessment questionnaires mandatory and more operational and to report data to the CSR Department.

### *4. Grievance mechanisms*

As described in the Code of Conduct and in the Alerts Management Policy, any employee must inform his or her superior or the Ethics & Business Integrity Department representative of any case or suspected case of forced labor, child labor and non-respect of freedom of association.

All Sanofi employees have access to a secured compliance helpline system available 24/7 with a dedicated web page and a toll-free number available in 28 languages. If employees have a concern or if they believe in good faith that a law, a rule or one of the principles in our Code of Conduct has been or is about to be violated, they can inform their superior or the Ethics & Business Integrity Department by using the compliance helpline. Employees will not be disciplined or discriminated against provided that they act in good faith and with no malicious intent, even if the facts reported prove to be inaccurate or no further action is taken. In the United States, a toll-free external compliance helpline has been set up for Sanofi employees in accordance with local regulations and practices.

Regarding alerts related to harassment and discrimination, in 2022, 16% (37/238) substantiated cases related to harassment or discrimination issues:

- > 122 alerts in all the countries where Sanofi operates in 2022, representing 22% of total alerts, were classed as harassment, discrimination, workplace violence or other HR issues, and

- > this resulted in 37 confirmed HR cases that led to either employee dismissals (49%), written warnings (24%), verbal warnings (16%) or other sanctions (11%), such as training and coaching.

## 5. Monitoring of the implementation of the policies

We integrated human rights in our internal control manual with the implementation of a dedicated control covering freedom of association, interdiction of forced labor, child labor and diversity and put in place human rights training for the internal auditors covering the Europe, Africa, Middle East and South Asia regions.

In 2019, we refined our human rights risk mapping so as to identify those countries where we need to focus our internal audit efforts. We identified 18 at-risk countries based on the following criteria: level of country risk, number of employees, and presence of production or distribution activities. Those countries represent approximately one-third of the Sanofi workforce. Of those 18 countries, nine (representing more than a quarter of the Sanofi workforce) have already been subject to audit.

In 2022, 16 countries (Algeria, Brazil, China, Colombia, Egypt, India, Indonesia, Mexico, Pakistan, Russia, Saudi Arabia, South Africa, Thailand, Tunisia, Turkey and Vietnam) responded to the internal control questionnaire. The main findings are summarized below:

Issue	Results
<p><b>CHILD LABOR</b></p> <p>Principal control points:</p> <ul style="list-style-type: none"> <li>● No hiring of children under 15 years of age or under 18 years of age for hazardous work.</li> <li>● Verification of age on hiring.</li> <li>● Danger level assessment of jobs for young workers/compliance with ILO working hours.</li> </ul>	<p>No major compliance breaches reported</p> <p>No employment of persons under the age of 18</p> <p>Systematic verification of age upon hiring</p>
<p><b>FORCED LABOR</b></p> <p>Principal control points:</p> <ul style="list-style-type: none"> <li>● Existence of written and transparent employment contracts.</li> <li>● Regularity of wage payments.</li> <li>● Transparency and clarity of calculation methods, payslips, etc.</li> <li>● No need to work overtime to earn a decent wage.</li> <li>● No withholding of wages or recruitment costs (including by recruitment agencies).</li> <li>● No withholding of identity papers.</li> </ul>	<p>No major compliance breaches reported</p> <p>Written and transparent employment contracts</p> <p>Regular salary payments</p> <p>No withholding of wages or recruitment fees at the end of the contract.</p> <p>Means to alert on wage issues without fear of reprisals</p> <p>No overuse of temporary workers</p> <p>No overreliance use of overtime</p> <p>Difficulties reported by some countries relating to issues around decent wages</p>



<p><b>WORKING HOURS</b></p> <p>Principal control points:</p> <ul style="list-style-type: none"> <li>● Compliance with ILO working hours standards: weekly, daily, overtime, paid leave, maternity leave.</li> </ul>	<p>Compliance with 48h/week and daily working hours, weekly rest day and two weeks paid vacation</p> <p>Some issues on overtime due to discrepancies between the global standard and local legislation</p>
<p><b>FREEDOM OF ASSOCIATION</b></p> <p>Principal control points:</p> <ul style="list-style-type: none"> <li>● No discrimination based on trade union membership, and no abusive practices against worker representatives</li> <li>● Respect for the right to collective bargaining.</li> </ul>	<p>Reports of difficulties applying standards due to local legislation in certain countries</p>

Corrective action plans are being drawn up within the entities concerned, on top of collective actions taken at company-wide level.