



How to Cultivate a Compliance Culture in a Large Organization?

Nearly
35
Years'
Commitment



~9,000
Employees

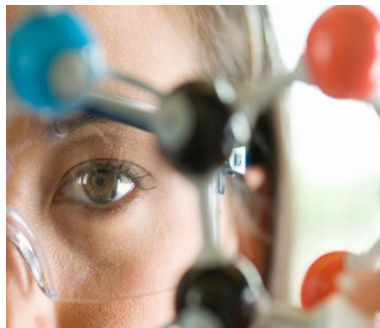


Total Sales



~2Bn€

In 2016



11 Regional
Offices;
Asia R&D **HUB**



Highest Ethical
Standard

1,700
cities / counties
16,000
hospitals
280,000
physicians



60 R&D
Partnerships

10 Clinical
trials* in
2016



TOP
3

MNC Pharma
in China

Performance
+ Compliance
= SUCCESS

Despite government's efforts to fight corruption in China, there is still a long way to go

China Anti-Corruption Measures

- Large scale of investigation from 2013, involving governmental officials.
- Eight Rules and Six Prohibitions issued in 2012/ 2013 to regulate behaviors of government officials.

Corruption Perception Index 2016

	Global Ranking	Country/ Region	Score
Asia	7	 Singapore	84
	15	 Hong Kong	77
	20	 Japan	72
	27	 Bhutan	65
	52	 South Korea	53
	
	79 (vs. 83 in 2015)	 China	40 (vs. 37 in 2015)
EU/ US	10	 UK	81
	18	 USA	74
	23	 France	69

Pharmaceutical industry in China has specific risks to manage

Features of China Pharma Industry

- **Strong education needs from a large HCP population**
 - 3 million physicians in 28k hospitals
- **Low income of HCPs but huge responsibility and power**
- **Highly regulated industry**
 - SFDA, NHFPC, MOHRSS, NDRC and etc.
- **A huge geography to cover**



Key areas with risk

HCP Interactions

Government Interactions

3rd Party Interactions

Policies issued to emphasize compliance in Pharma industry

State Council

Comments to further reform and improve drug manufacturing & commercialization policy * [2017] NO.13 – 2017 Feb

- *Medical Rep Registration System*
- *Academic Promotion and Technical Consultancy Only*
- *Not related to Sales*

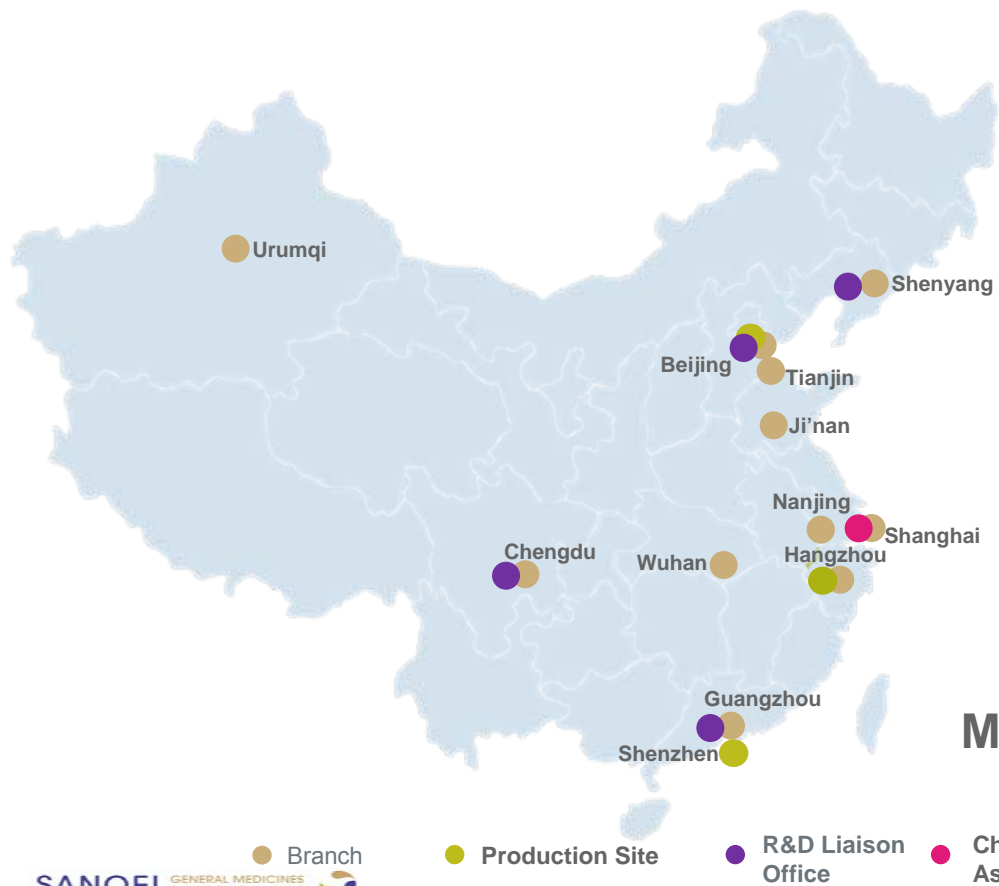
Shanghai FDA

Shanghai Medical Rep Registration Management Policy **

[2017] NO.29 – 2017 Aug

- *MRs registration: name, gender, ID, academic background, business domicile...some data accessible by the Public*
- *Medical Rep Registration needs to be completed within 60 days after the official release of the policy.*
- *Manufacturer responsible for compliance training and disciplinary actions*
- *Severe Punishment – Withdraw all registrations of the company if 5+ cases per year*

Sanofi has a large geographic footprint covering >300K physicians, bringing the necessity to have efficient compliance processes.



11
Branches



5

R&D Offices*



3

Manufacturing Sites



Sanofi adopted a full model to ensure sustainable success



Sanofi has implemented solid process and governance, and enhanced company ethical culture

Process & Governance: Embedding a culture of compliance and business integrity

China Discipline Committee



Members: GM, Legal, Compliance, HR, Finance



Quarterly Meeting



Role and Responsibilities:

- Review on disciplinary decisions and actions taken
- Governance on outstanding cases
- Track quarter-to-quarter trends

China Operating Model/ Compliance Committee



Members: GM, BU, Finance Compliance, Legal, Medical, CE, Procurement, HR, ITS



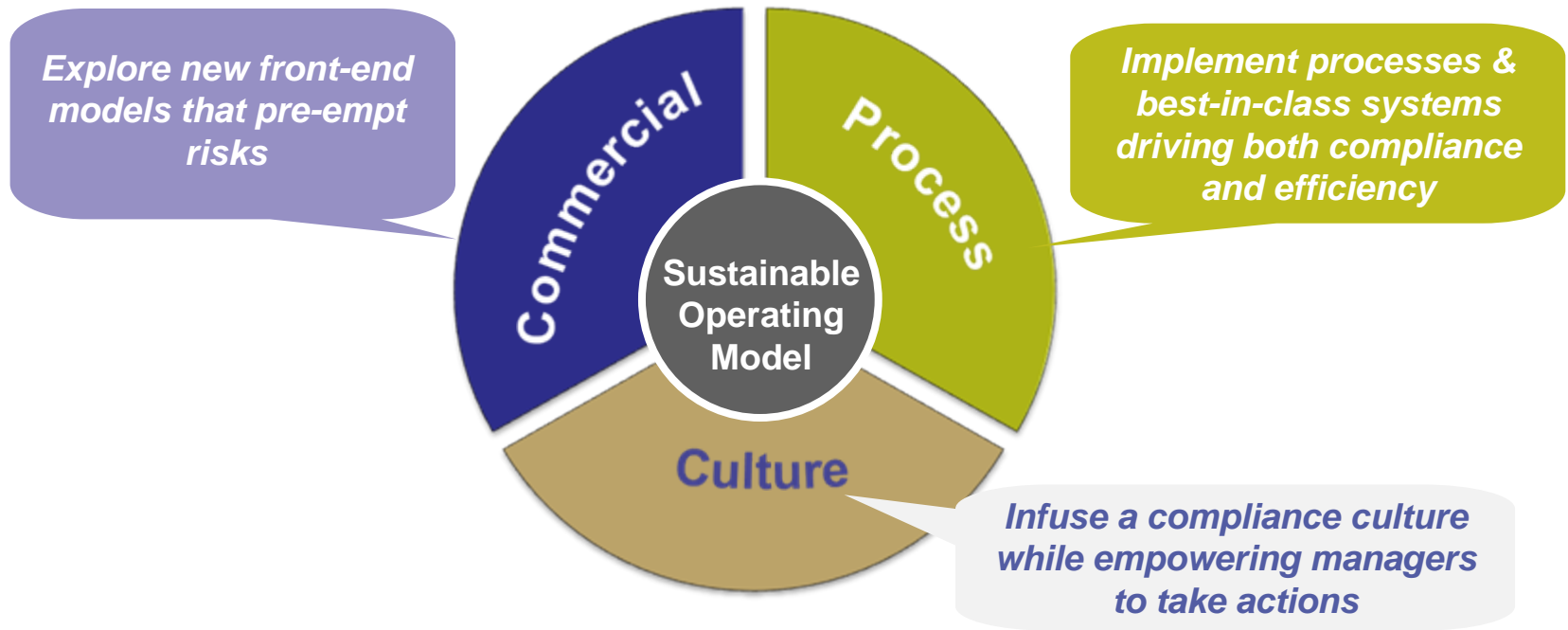
Monthly Meeting



Role and Responsibilities:

- Set strategic directions and make decision on the program/ projects
- Monitor progress, KPIs and milestones

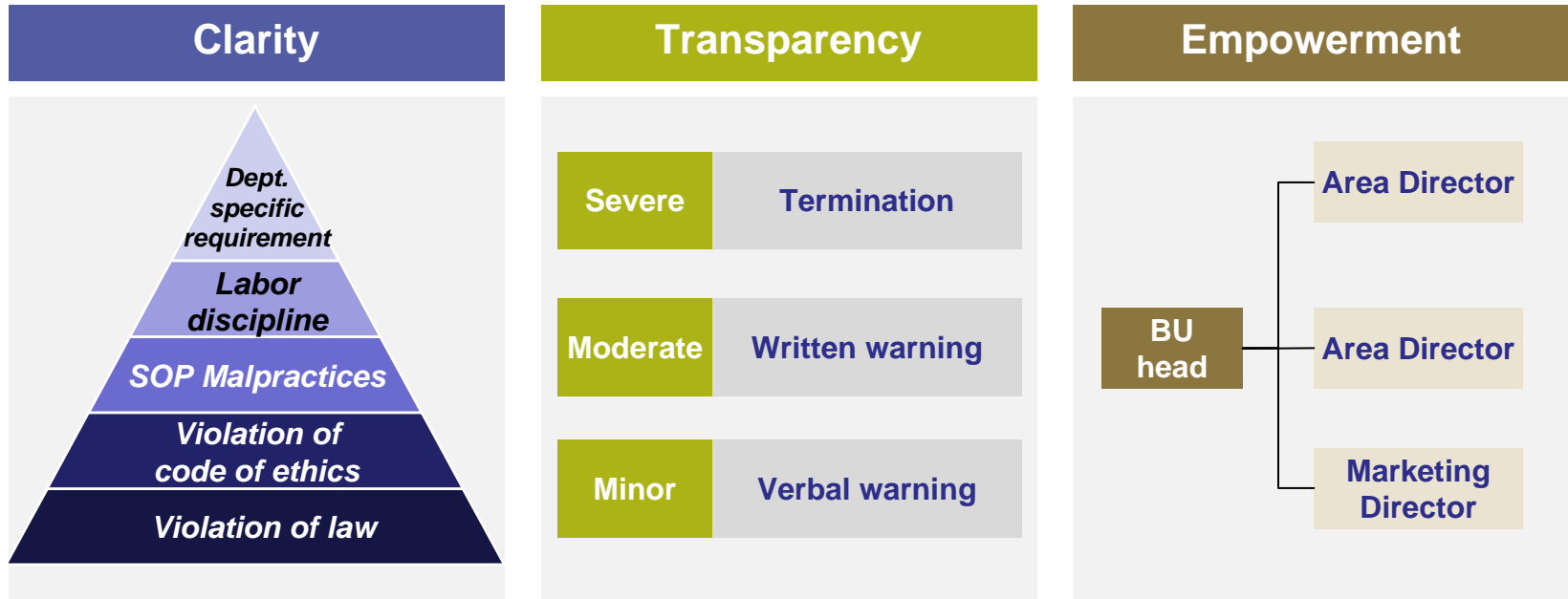
Sanofi launched China Operating Model program to drive compliance & business integrity



Goal: Delink sales and any payment

Culture: Disciplinary Matrix

China Disciplinary Matrix



Embedding a strong compliance & business integrity within the China sales forces organization



The Dandelion Project

Objective

To encourage **peer to peer interactions** within the field based organization to enhance a culture and work environment of business integrity

Description

- On a **voluntary basis**, to develop selected **Regional Sales Managers** as Compliance Champions
- Beyond their full time job, Compliance Champions spend a reasonable portion of their time helping promote compliance culture. They are:
 - **Role Model** of the team
 - **Expert** of compliance policies
 - **Trainers** in new hire trainings, annual meetings and regional offices
 - **Communication bridge** between managers and employees

Clear roadmap to further develop Dandelion Project



2016 Launch

- **42** Compliance Champions from BUs
- **4** Bootcamps
- Trainings in **New Hire Orientation** and **Regional Platforms**

2017 Roll-out

- **115** Compliance Champions from all functions
- **5** Bootcamps
- Additional trainings in **Annual Meeting**
- **Digital** solution through **WeChat**

2018 Penetration

- **200+** Compliance Champions
- **5+** Bootcamps
- **Global** Experience Sharing
- Compliance Champion skill **Development & Specialization**

Conclusion

- **The Chinese authorities are undertaking serious efforts to fight corruption.**
- **Compliance and business integrity must be a top strategic priority for all companies.**
- **Compliance + Ethical Culture = Sustainable Success**
- **Company must strive to have right processes, systems & culture**
- **The “Compliance Champions” project has considerably increased the level of compliance awareness and demonstrated benefits**
- **Companies must collaborate on compliance best practices sharing**