



# *From health to beauty*

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PIERRE FABRE LABORATORIES  
ACTIVITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT

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2017 - 2018



Pierre Fabre

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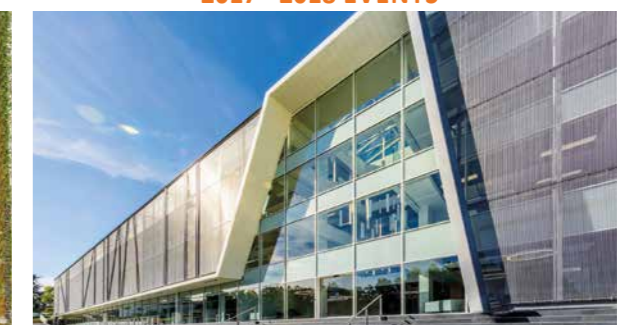


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## 2017 - 2018 EVENTS



# Continuing to pass on our values



As I write this text, we have just announced the nomination of Eric Ducournau, who has been CEO of our Dermo-Cosmetics business since 2012, as Group CEO, replacing Bertrand Parmentier, who has chosen to retire.

Bertrand Parmentier was named Group CEO after our founding CEO passed away in July 2013, and had the great responsibility of leading the company at this turning point in its history. With his leadership team, he developed and implemented the Trajectoire 2018 strategic plan, driven by his determination to enable the Group to rise to its various challenges. Always guided by the general interest and always anxious to

preserve our identity but also aware that, in a complex and highly constrained environment for drugs at the regulatory and pricing level, we must reconsider certain organizations and opt for new ways to prepare for the future.

Five years after the death of our founder, we can say that the company remains strong, that it has consolidated its fundamentals and has continued to grow in all countries worldwide. As Mr. Pierre Fabre desired, it is still fully independent, multi-disciplinary and rooted in its home region. It has kept its citizen character and is continuing to provide its Shareholder Foundation with the means of running its program of actions in favor of access to quality health care and drugs in the developing countries. We do this in a constant concern to ensure our running business activities are not penalized by those that are less so, and to give these developing activities the means to consolidate their growth.

Pierre Fabre Dermo-Cosmetics, under the leadership of Eric Ducournau, thus considerably increased its growth and developed its market share abroad, while Pierre Fabre Pharmaceuticals, led by Frédéric Duchesne, reorganized its R&D, relaunched its Consumer Health Care activity and enhanced its oncology operations with a particularly promising partnership with Array BioPharma, an American biotech company. This partnership should bear fruit this year, 2018, with the registration of a new treatment for one of the most severe forms of melanoma and will further develop through the development for other indications. A new page will be turned in July 2018 with the nomination of Eric Ducournau as Group CEO. As established in the rules enacted by our Founder, this decision was made by the Board of Pierre Fabre Participations, the Group's holding company, which I chair and which includes experienced, trustworthy people whom Pierre Fabre himself named. It was also prepared by the members of the

Group's Strategic Committee, which reports to the Supervisory Board, and in particular its chairman, Roch Doliveux. It was therefore a joint decision, exactly in accordance with the governance mindset of a company that, we can never reiterate enough, is primarily owned by a government-recognized public-interest Foundation and secondarily owned by its employees.

We decided to call on Eric Ducournau because his career within the company has been particularly profound and varied since 2000, enabling him to learn about all our business activities and assimilate their cultures. Appointed in 2012 by Pierre Fabre as CEO of the Dermo-Cosmetics business, he managed it with great determination and showed remarkable adaptability in terms of innovation, digital development, international growth and industrial investments. With the leadership team he will form in the coming months, we know that Eric will do all in his power to introduce a new energy to enable

the Group to continue to successfully adapt to changes in its business activities and environment, in line with our corporate culture and regional attachment.

Our company lost a great deal in July 2013 with the death of our Founder. Yet we are still standing, supported by the contribution, drive and passion of all employees, with over 2,000 joining our ranks since 2013, to whom the more senior staff are keen to successfully continue teaching what we all call our values, which makes us an outstanding company.

Pierre-Yves Revol,  
Chairman of the Pierre Fabre Foundation  
and Pierre Fabre Participations



THE GROUP WAS CREATED IN 1962  
IN CASTRES (TARN) BY PIERRE FABRE,  
A PHARMACIST AND BOTANIST



From health to beauty



PHARMACEUTICALS



CONSUMER  
HEALTH CARE



DERMO-  
COSMETICS

€2,318 million  
of revenues in 2017

No. 2  
private French  
pharmaceuticals  
laboratory

No. 1  
dermo-cosmetics  
laboratory in France  
and No. 2 worldwide

Expert in the research and production  
of natural and biological active ingredients



10  
&  
9 R&D centers  
production sites in France

# ENTHUSIASTIC ENTREPRENEURS

MORE THAN 50 YEARS OF INNOVATION FROM HEALTH TO BEAUTY

The history of the Pierre Fabre Group is first and foremost that of one man, a dispensary pharmacist and an enthusiastic entrepreneur. Pierre Fabre grew his dispensary into a pharmaceutical laboratory on an international scale, rooted in his home region and loyal to the humanist values that he always defended.

**1951** Net sales €94K  
3

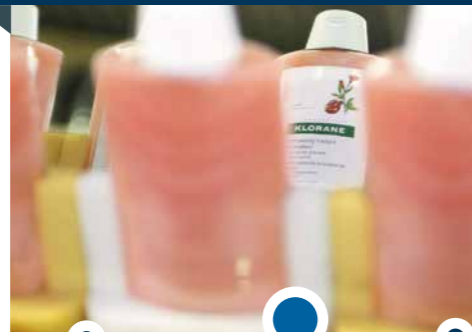


**1951**  
Purchase of the pharmacy on place Jean Jaurès in Castres (Tarn)



**1959**  
Launch of Cyclo 3®, venotonic from butcher's broom (*Ruscus aculeatus*)

**1962** Net sales €5,685K  
58




**1962**  
Founding meeting of Pierre Fabre Laboratories

**1965**  
Start of the dermo-cosmetics activity

**1968**  
Opening of the 1<sup>st</sup> Research Center in Castres and launch of the Oral Care activity

**1970** Net sales €84,635K  
980



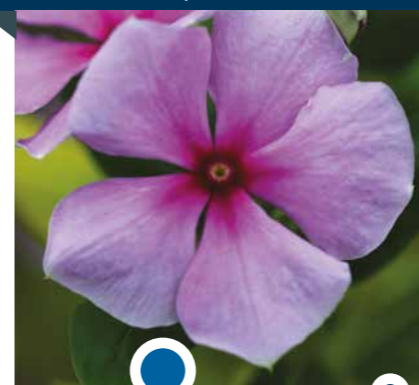
**1971**  
Creation of Phytofilière®, which would become Botanical Expertise Pierre Fabre

**1970**  
Opening of the 1<sup>st</sup> subsidiary in Spain

**1974**  
Purchase of the Hydrotherapy Center in Avène-les-Bains (Hérault)

**1980** Net sales €261,589K  
1,875

**1990** Net sales €713,746K  
4,651



**1989**  
Launch of the cancer drug Naveltine® from tropical periwinkle

**1994**  
Founding of the Klorane Institute, a corporate foundation for the protection and promotion of our natural plant heritage

**2000** Net sales €1,376,933K  
8,111

**2010** Net sales €1,861,000K  
9,900



**1999**  
Founding of the Pierre Fabre Foundation, a government-recognized public-interest organization

**2001**  
Opening of the Pierre Fabre botanical conservatory CITES approved in 2010

**2005**  
Opening the company's share capital to employees

**2017** Net sales €2,256,000K  
13,476



**2010**  
Opening of the R&D center on the Oncopole campus in Langlade (Toulouse)

**2013**  
The Foundation, as Mr. Pierre Fabre's sole legatee, now owns 86% of the Group's shares

**2015**  
Launch of the Nature Open Library and oncology partnership with Array (USA)

**2017**  
Partnership with MÈME Cosmetics

# ATTENTIVE TO PEOPLE

## TAKING CARE OF THE WORLD AROUND US

A humanist dispensary pharmacist, always ready to listen, Pierre Fabre made the human being his highest concern. He had a constant concern for the well-being of patients and consumers. He built long-lasting relationships with his customers and partners. He had both a benevolent and challenging relationship with his employees. Thanks to this relationship, he was able to share his entrepreneurial passion with them and take care of as many people as possible. Today these values underlie our unique and original development model.



# INSPIRED BY NATURE

A SOURCE OF CREATIVITY  
BOTH ENDLESS AND DELICATE

Pierre Fabre had a passion for plants. This passion was evident when he presented new projects and when he held impromptu discussions. One day, when making a particularly difficult decision, he exclaimed: *“Do you realize what you are asking me? It is as if you were to ask me to cut down a tree.”* That said it all: demonstrating the carnal side of this passionate and emotional attachment.

He loved plants for their beauty but not that alone. He was fond of their “content.” He loved getting to know their oddities. He was fascinated with the living part of the plant, its history, its ties with humankind and its environment. For him, discovering a new plant was a real pleasure, synonymous with a new story to be written.

He favored oat. He was able to provide this humble grain, used to feed horses, with a noble status. In the cosmetics world, which favors sophistication, and that of dermatology, which relies above all on chemicals, it was a pleasure for this man, who appreciated rural life, to be able to make this little plant into an authentic active ingredient designed for fragile skin and recognized by dermatologists.



# PROUD OF OUR ROOTS

DEVELOPING FROM WHAT WE  
HAVE BUILT HERE, ON OUR LAND



## LE DOMAINE DU CARLA - THE CARLA ESTATE

Built in 1875, it is an exceptional place perched above Castres and surrounded by nature. Dedicated to meetings and exchanges, it is the place where the Group's partnerships materialize. Every year, it receives some 6,000 visitors from all over the world.



## CASTRES OLYMPIQUE

The company supports Castres Olympique for two reasons: unconditional attachment to the town of Castres and the similarity between the values of rugby – solidarity, synergy, respect for others, a winning spirit – and those of our company.



## SOUAL PLANT

Located about ten kilometers from Castres and opened in 1968, the Soual plant is the historic industrial site of Pierre Fabre Laboratories. Dedicated to dermo-cosmetics, it expanded by 13,000 m<sup>2</sup> in 2012, particularly to incorporate the production of Sterile Cosmetics. This expansion was an opportunity to experiment with the HQE® approach in industrial buildings.



## TERRE D'AVOINE – LAND OF OATS

The Terre d'Avoine site is nestled at the heart of the Tarn, in Puylaurens. It is a fortified farmhouse dating back to 1640, surrounded by fields of Rhealba® Oat, an oat variety with exceptional dermatological properties. Organized in collaboration with the Natural History Museum of Toulouse, inaugurated in 2013, this place for sharing knowledge on oats and their dermatological properties tells the story of the A-Derma brand.



## LES CAUQUILLOUS

In 2000 the headquarters for our dermo-cosmetics activity were transferred to Lavaur (Tarn), to a place called les Cauquillous. The building, with its futuristic curves inspired by the company logo, is surrounded by a forest and a Mediterranean garden consisting of about thirty varieties of medicinal plants.



## TOULOUSE – ONCOPELE

Built on the rubble of the AZF factory, the Oncopole project is a flagship for innovation and public health for the whole of the Occitanie region. The Pierre Fabre Research and Development Center was the first to settle there in 2011. The Group thus asserts its drive to be an internationally recognized player in oncology while focusing its R&D efforts in France and, more specifically, in its region of origin.

## VISION & STRATEGY

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**PURSUING  
RESPONSIBLE GROWTH**



I HAVE MORE OF A  
TASTE FOR ACTION,  
FORECASTING,  
PREPARING FOR  
THE FUTURE THAN  
FOR LOOKING BACK  
ON THE PAST



MR. PIERRE FABRE

DECEMBER 2006



# PROFILE

**KEY FIGURES**  
AS OF DECEMBER 31, 2017

# 3

## KEY ACTIVITIES

### PHARMACEUTICALS

#### ONCOLOGY ETHICS

Urology, women's health, neuropsychiatry, cardiology, pulmonology, allergology and rheumatology



### CONSUMER HEALTH CARE

**PIERRE FABRE HEALTH CARE**  
**PIERRE FABRE ORAL CARE**  
**NATURACTIVE**



### DERMO-COSMETICS

**PIERRE FABRE DERMATOLOGIE**  
**DUCRAY**  
**EAU THERMALE AVÈNE**  
**A-DERMA**  
**KLORANE**

**ELANCYL**  
**GALÉNIC**  
**RENÉ FURTERER**  
**DARROW (in Brazil)**  
**GLYTONE (in the USA)**



## PRIORITY AREAS FOR INNOVATION

# 5

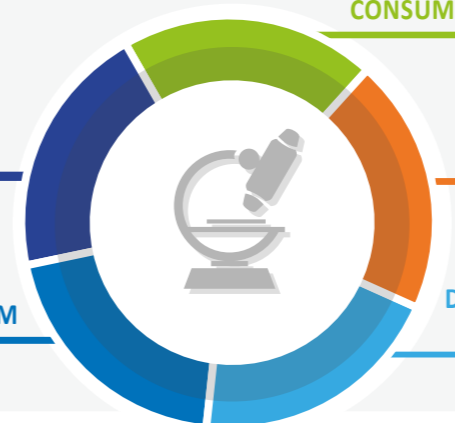
ONCOLOGY

CENTRAL NERVOUS SYSTEM

CONSUMER HEALTH CARE

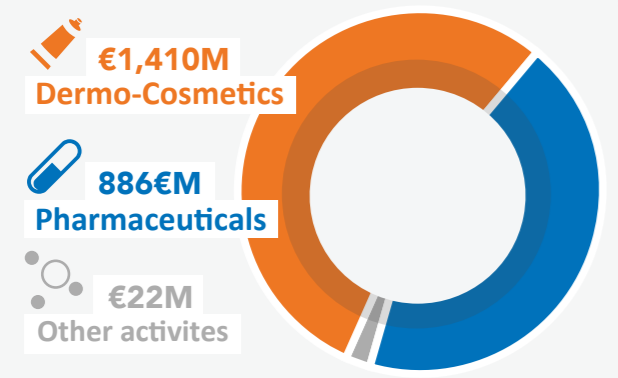
DERMO-COSMETICS

DERMATOLOGICAL RX



## €2,318M

### REVENUES



**€1,425M**  
INTERNATIONAL

**€893M**  
FRANCE

**No. 2**  
DERMO-COSMETICS LABORATORY WORLDWIDE

**No. 1**  
DERMO-COSMETICS LABORATORY IN FRANCE

**No. 2**  
PRIVATE PHARMACEUTICALS LABORATORY IN FRANCE



Plant-based active ingredients from over  
**220**  
PLANTS



**18,000**  
PLANT SAMPLES used by our researchers, the largest private collection in the world



**3 to 5**  
NEW PLANT-BASED ACTIVE INGREDIENTS developed each year



**51**  
PLANT-BASED ACTIVE INGREDIENTS patented



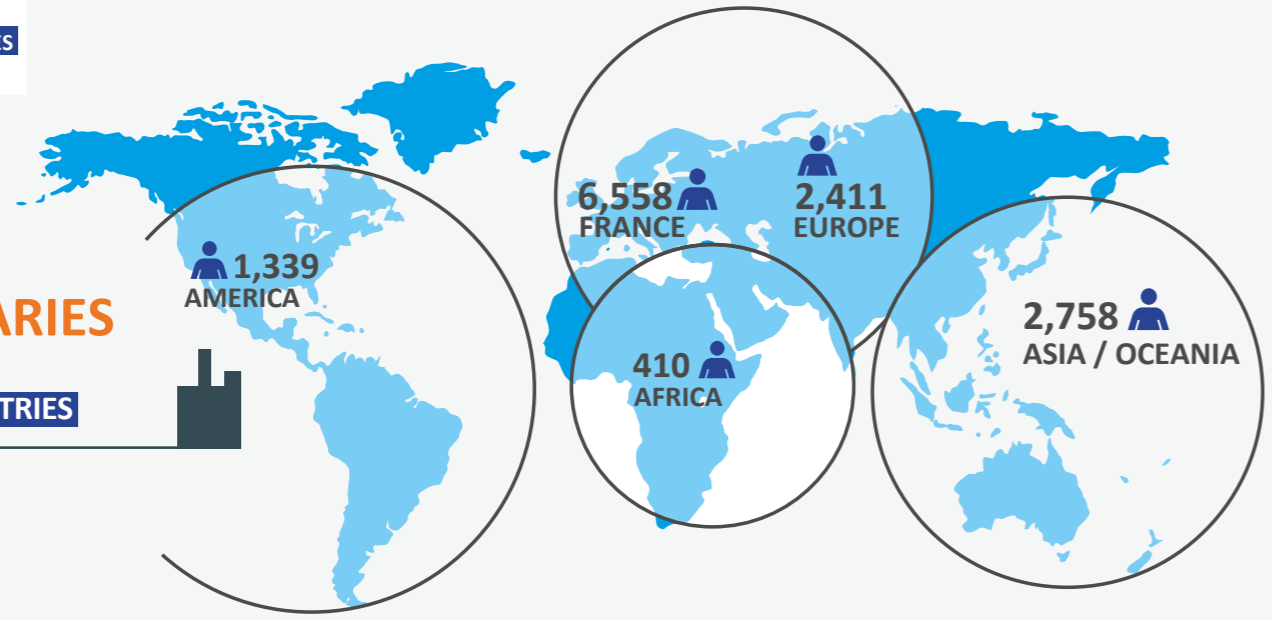
# PROFILE

**KEY FIGURES  
AS OF DECEMBER 31, 2017**

PRODUCTS  
DISTRIBUTED IN  
**132 COUNTRIES**

**13,500 EMPLOYEES**

**SUBSIDIARIES  
AND OFFICES  
IN 47 COUNTRIES**



## RESEARCH & DEVELOPMENT CENTERS

- **PIERRE FABRE RESEARCH AND DEVELOPEMENT CENTER**  
Oncology, Dermatology, New Chemical Entities, Pharmaceutical development, Pre-clinical and Clinical development, Translational Medicine, Regulatory, Toxicology, Pharmacology, Active ingredients  
*Toulouse (Oncopole)*
- **PIERRE FABRE IMMUNOLOGY CENTER**  
Oncology, New Biological Entities and Biotechnological Productions  
*Saint-Julien-en-Genevois*
- **PIERRE FABRE RESEARCH CENTER**  
Consumer Health Care  
*Castres (Péraudel)*
- **PIERRE FABRE DERMO-COSMETICS ASIA INNOVATION CENTER**  
*Tokyo (Japan)*
- **PIERRE FABRE DERMO-COSMETIC RESEARCH CENTER AND SKIN RESEARCH CENTER**  
Formulation, Analytics, Microbiology, Clinical Development  
*Toulouse (Hôtel-Dieu and Vigoulet)*
- **PIERRE FABRE RESEARCH CENTER**  
Central Nervous System, Developability, Translational Medicine  
*Castres (Campans)*
- **PLANT-BASED ACTIVE INGREDIENT RESEARCH UNIT**  
*Gaillac and Soual*
- **WATER RESEARCH UNIT**  
Hydrotherapy dermatology and water quality  
*Avène and Banyuls*

## PRODUCTION CENTERS

- **PRODUCTION AND PACKAGING OF PRESCRIPTION DRUGS AND HEALTH CARE PRODUCTS**  
*Gien (Loiret)*  
*Ho Chi Minh City (Vietnam)*  
*Tunis (Tunisia)*
- **PHYTOTHERAPY AND AROMATHERAPY**  
*Cahors (Lot)*
- **ASEPTIC CYTOTOXIC PRODUCTION**  
*Pau (Pyrénées-Atlantiques)*
- **PRODUCTION AND PACKAGING OF DERMO-COSMETICS**  
*Soual/Mazamet (Tarn)*  
*Avène (Hérault)*  
*Château-Renard (Loiret)*  
*Areal (Brazil) - Ho Chi Minh City (Vietnam)*
- **PRODUCTION OF ACTIVE INGREDIENTS PHARMACEUTICALS, NUTRACEUTICALS AND COSMETICS**  
*Gaillac (Tarn)*  
*Bagnères-de-Bigorre (Hautes-Pyrénées)*  
*Palézieux (Switzerland) - Virrey del Pino (Argentina)*
- **HARD-BOILED PHARMACEUTICAL LOZENGES**  
*Aignan (Gers)*

## DISTRIBUTION CENTERS

- **DERMO-COSMETICS AND HEALTH CARE**  
*Muret (Haute-Garonne)*
- **PHARMACEUTICALS**  
*Ussel (Corrèze)*

## FRANCE FOCUS



**over 90%** of our PRODUCTION is carried out in France

**100 %** of our RESEARCH is carried out in France

**200** HECTARES of farmland dedicated to organic farming in the Tarn region

# PROSPECTS

Named CEO of Pierre Fabre Laboratories in November 2013, Bertrand Parmentier played a key role in the continuity of the Group after the death of our Founding CEO. Before passing the baton to Eric Ducournau on July 2, 2018, here he reflects on the 2017 reporting period and the Trajectoire 2018 strategic plan, and reveals his confidence in the Group's ability to face future challenges



## How did the Group perform in 2017?

**BERTRAND PARMENTIER:** We experienced operational difficulties in January 2017 with the opening of a new international distribution center for our dermo-cosmetics activity. These difficulties are behind us, but they significantly slowed down our growth in the 1<sup>st</sup> half of the year. Our pharmaceutical sub-contracting activity was also penalized by the temporary suspension of a workshop at the Pau site. Yet these testing times showed our resilience, which enabled us to find solutions to these problems and get back on track in the second half of the year. They also showed our full capacity to look to the future despite short-term difficulties, as proven by the €144 million invested in 2017 to add to our portfolio of products and continue to upgrade our infrastructures. I am thinking, for example, of the acquisition of marketing rights for the dermatology product Tolak, which enabled us to grow in the U.S., and the purchase of a monoclonal antibody to add to our pre-clinical oncology portfolio. We also inaugurated the new Pierre Fabre Consumer Health Care headquarters in Castres, extended the Pierre Fabre Dermo-Cosmetics headquarters in Lavaur, and continued investing in the Group's main industrial sites. Over 75% of our investments were made in France, following our desire to research and produce in France and guarantee the longevity of our historical attachment to the Tarn region.

## How did the Group grow in 2017?

**BP:** Our revenues reached €2.318 billion, growing by 2.3% compared to the previous year, based on comparable data<sup>1</sup>. This growth is, of course, lower than the average 4.8% over the three previous years, but we recorded growth of 5% in the second half of the year, which proves that our capacity to grow remains intact. Our consolidated operational profitability reached 4% for a recurrent EBITDA of €207m. Despite the increase in our investments, we finished 2017 with a positive cash flow for the 3<sup>rd</sup> reporting period in a row. It is by mastering our cash flow that we are able to seize opportunities for growth accelerators, like buying the rights to Tolak in 2017 and the license agreement entered into with the American biotech company, Array BioPharma, for two new oncology molecules in 2016.

## Can you comment on the performance of both of your activities in 2017?

**BP:** Pierre Fabre Dermo-Cosmetics (PFDC) suffered due to the launch of our new international distribution center. Our operations, affected in the first half of the year, bounced back spectacularly in the 2<sup>nd</sup> half of the year with growth nearing 10%, at constant exchange rates. Over the year, PFDC sales reached €1.410 billion, two thirds of which were generated abroad. Eight of the ten brands in the portfolio saw their sales increase, notably Eau Thermale Avène, which exceeded €800 million. Since 2013, almost €350 million of additional sales have

Over 75% of our investments were made in France, following our desire to favor all things "Made in France".

been generated by PFDC. As for the Pharmaceuticals division, with revenues reaching €886 million, it continued to show great resilience. The growth of its international business proves this (+4.0%)<sup>2</sup>, despite the contained decrease in France (-4.3%) where price cutting and lower reimbursement rate measures decided by the authorities were not in our favor. The division now conducts 61% of its business outside France, compared to 48% in 2013.

## What are the Group's priorities for 2018?

**BP:** 2018 is mainly a turning point for our Oncology franchise. We submitted registration requests in Europe, Australia and Brazil for the combination of the two next-generation molecules that we have been developing with Array BioPharma for a severe form of melanoma. Pending market authorization from the EMA<sup>3</sup>, we are preparing to start marketing this new treatment by the end of 2018. This would be our first launch of a new oncology product since 2010. Also in the Pharmaceuticals division, we intend to reinforce the restored growth in our Consumer Health Care franchise, which is starting to benefit from its reorganization and the change in strategy to a new responsible self-medication model. Like

every year, we are expecting a lot from Pierre Fabre Dermo-Cosmetics, which is continuing its international development and digital transformation. We have taken many initiatives over three years in the areas of e-commerce, online marketing and social networks, with the latest being the launch of our first multi-brand e-commerce website in South Korea. We have to continue with these efforts, paying special attention both to the quality of the dermo-cosmetic advice given on the sites of our pharmacist customers, and also actively listening to consumers on social networks as a source of inspiration and innovation. The opening of an innovation center in Brazil, following the center created for Asia in 2015, is another sign of the importance we are giving to the development of treatments that are increasingly better suited to the physiological needs and cultural habits of our consumers, whether they live in Castres, Shanghai or Sao Paulo.

For five years, we have made huge efforts in the transformation that will prepare us for future challenges.

## What do you have to say about the Trajectoire 2018 strategic plan?

**BP:** We can be proud of our progress over five years. Supported by the continuity mission left to us by Mr. Pierre Fabre, we were able to come together around a shared vision and take action to reinvent the company in line with our values. We really did confirm the relevance of our unique "from health to beauty" stance with dermatology as the cornerstone of our business. Today we are the only cosmetics company in the world to be working in medical dermatology, which is a competitive advantage we have been strengthening since 2013 with the international launch of the first treatment for infantile hemangioma, the acquisition of several products and the creation of a dedicated innovation unit. Through the global partnership established with Array BioPharma, we strengthened our position in oncology, a therapeutic area in which Pierre Fabre has been developing for three decades, which offers opportunities for growth to laboratories of all sizes.

In the short term, we hope to be able to provide a new treatment option to patients suffering from severe melanoma, which would confirm our legitimacy in succeeding in onco-dermatology. In the mid-term, our partnership with Array could open new doors for us, first of all in the treatment of colorectal cancer. Another strategic priority set out in the Trajectoire 2018 plan is our Consumer Health Care business, with growth drivers that borrow from both the Pharmaceuticals and Dermo-Cosmetics business models, and we have fully reorganized and refocused on the needs of the patient and pharmacist.

## What about organization?

**BP:** The Trajectoire 2018 plan also includes substantial transformation of the Group's capabilities and managerial culture to support our growth today and enable future growth. Various transformational initiatives have been implemented, in particular the opening of a dozen subsidiaries in all continents, the re-engineering of our pharmaceutical and dermo-cosmetic R&D organizations, the industrialization of our processes and the deployment of associated IS solutions, the increase in our production and distribution capacities, and the securing of our quality and pharmacovigilance systems. We should also mention the launch of the Pierre Fabre Digital Academy, which accompanies the digital transformation of our business activities and the current roll-out of a new "Pierre Fabre Leadership Model" to 2,600 managers in the fifty or so countries where we are based.

## Are you confident about the future of the Group?

**BP:** For five years, we have made huge efforts to transform the Group and thus get prepared for future challenges. We have placed patients and consumers at the heart of our company mission. We have favored future investments over short-term investments. We have made international development our priority while strengthening our capacities to innovate and produce in France. We have controlled our cash flow to be fully able to go and find new growth drivers. We have remained loyal to the humanist values left to us by our founder and we are now coming together around a shared vision. Each year our employees contribute massively



to the employee stock ownership plan, showing their trust in its solidity and its future. Lastly, our majority shareholder is a public-interest organization that favors sustainable development over immediate profitability requirements. All these reasons make me very confident when it comes to the longevity of the Group through its differentiating and meaningful positioning.

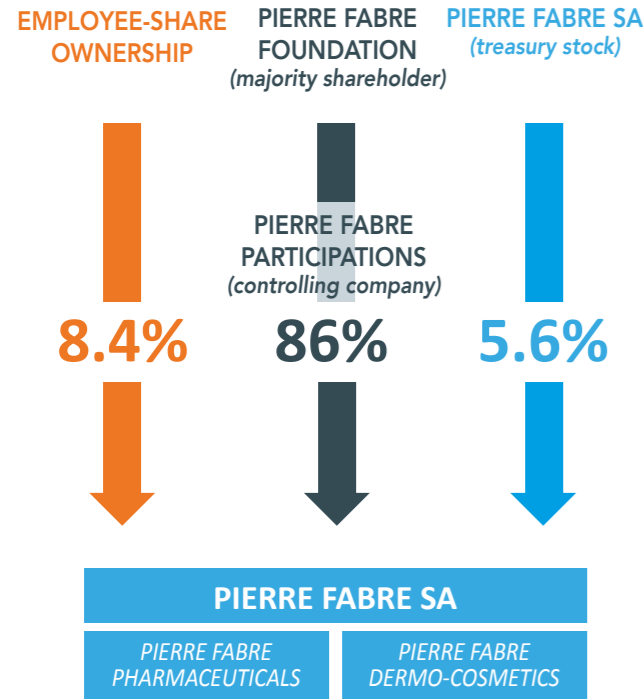
- (1) +1.6% based on published data  
 (2) Excluding industrial sub-contracting operations (CDMO) and at constant exchange rates  
 (3) European Medicines Agency



# GOVERNANCE

## GUARANTEEING THE CONTINUITY AND INDEPENDENCE OF THE COMPANY

The Pierre Fabre Group has a unique shareholding structure that guarantees its continuity and independence, in line with the values of our founder. The substantial-majority shareholder is the Pierre Fabre Foundation and employees form the second-largest group of shareholders through a buoyant employee stock ownership plan. This structure is unique in France and is aimed at ensuring the long-term stability of the company's capital.



### THE PIERRE FABRE FOUNDATION

It is the Group's main shareholder (holding 86% of the shares) through its controlling company, Pierre Fabre Participations (PFP). As the Foundation is dedicated first and foremost to its public-interest mission, it delegates the supervision of the Group's management to its subsidiary Pierre Fabre Participations. The Foundation is chaired by Pierre-Yves Revol.

### PIERRE FABRE PARTICIPATIONS

The controlling company validates the Group's strategy, appoints its main executives and ensures that the continuity mission defined by Pierre Fabre is respected:

- Ensuring the Group's independence
- Maintaining both the Pharmaceuticals and Dermo-Cosmetics activities
- Reinvesting a significant proportion of profits in R&D
- Prioritizing long-term value creation over short-term financial profit
- Maintaining the Group's footprint in its birth region and its culture of corporate social responsibility
- Allowing the Pierre Fabre Foundation to pursue its objectives through a suitable dividend payment policy

Its Board is chaired by Pierre-Yves Revol.



### PIERRE FABRE SA

This is the Group's holding company. It develops the Group's overall strategy, consolidates and coordinates its activities, and hosts support functions and shared services. Its Supervisory Board is chaired by Roch Doliveux. Pierre Fabre Pharmaceuticals and Pierre Fabre Dermo-Cosmetics are the main subsidiaries of Pierre Fabre SA and are in charge of the pharmaceutical and dermo-cosmetic businesses, respectively.

#### SUPERVISORY BOARD

Roch DOLIVEUX, *Chairman*  
Pierre-Yves REVOL, *Vice-Chairman*

#### ADMINISTRATORS

Dominique BAZY  
Jean-Luc BELINGARD  
Jean-Jacques BERTRAND  
Nathalie DELAPALME  
Jacques FABRE

Philippe FAURE  
Marie-France MARCHAND-BAYLET  
Catherine DE ROHAN-CHABOT  
Marie-Christine ROQUES

#### EMPLOYEES AND EMPLOYEE SHAREHOLDERS REPRESENTATIVES

Agathe AMARA-COLOMBIÉ  
Christophe LATOUCHE  
Claire MEUNIER

#### EXECUTIVE COMMITTEE

<b>Eric DUCOURNAU</b> <i>Group CEO*</i>	<b>Frédéric DUCHESNE</b> <i>CEO Pharmaceuticals Division</i>	<b>Thierry DENJEAN</b> <i>Senior Vice-President of Human Resources, Ethics &amp; Sustainable Development</i>	<b>Michael DANON</b> <i>Senior Vice-President, Legal, Pharmaceutical &amp; Public Affairs</i>	<b>Eric GOUY</b> <i>Senior Vice-President, Finance</i>	<b>Marc ALIAS</b> <i>Director, Corporate Communications</i>	<b>Olivier SIEGLER</b> <i>Digital Organisation Process Information System Director</i>

The CEO of the Dermo-Cosmetics Division is also a member of the Executive Committee (nomination underway).

\*From July 2, 2018, replacing Bertrand Parmentier who is retiring

# AT THE HEART OF OUR GOVERNANCE

I WANTED TO ENABLE PIERRE FABRE EMPLOYEES TO ACCESS SHARE CAPITAL, TO PASS ON MY PRIDE AND ENTHUSIASM TO THEM

MR. PIERRE FABRE  
JUNE 2005

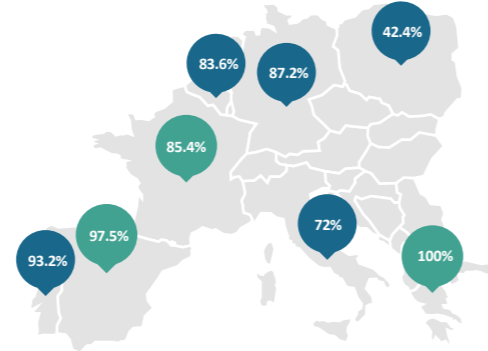
Ruscus plan  
**13** years of employee stock ownership

Owing to the desire of Pierre Fabre, Group employees have been highly involved in corporate performance via an employee stock ownership plan: the Ruscus plan. Employees and the Pierre Fabre Foundation are the Group's only shareholders. This situation is one of a kind on the French industrial scene, guaranteeing the Group's independence.

The Ruscus plan, given its name as a tribute to the first plant used by Pierre Fabre when the company was created, is a major factor in the way the Group organizes its capital. It also helps develop a different kind of corporate culture, which upholds the values of our founder: independence, entrepreneurial drive, continuity and team spirit. With this stock ownership plan, employees become joint owners of the Group and are more closely involved in corporate life and the company's growth.

The plan was developed to enable employees, in particular employees with modest incomes, to build up their assets. Through this measure, Pierre Fabre wanted to ensure that, at the end of their careers, workers were able to receive the equivalent of at least one year's salary, taking the company matching contribution into account.

% OF EMPLOYEE SHAREHOLDERS



The Ruscus plan was rolled out in France in 2005, and in 2008 it was extended to six European countries: Germany, Belgium, Spain, Greece, Italy and Portugal. In 2016, Poland became the first country outside the euro zone to join the shareholding plan. Then, in 2017, the plan was opened up to Mexico. In 2018, Swiss employees will be offered Pierre Fabre stock ownership.

- ▶ **84.2%** OF EMPLOYEE SHAREHOLDERS (AS PART OF THE STOCK OWNERSHIP PLAN) AND HOLD
- ▶ **8.4%** OF THE GROUP'S CAPITAL



## FONDATION PIERRE FABRE

Improving access to quality medicines and healthcare for Southern populations.

In late 2017, the Foundation was running 32 programs in 15 countries in Africa, South-East Asia, Lebanon and Haiti, directly supporting local stakeholders, health care facilities and universities in countries in the Global South. It structured its action in response to four public health issues:

Half of the population does not have access to essential drugs, while new pandemics are developing and former ones are returning. This is no longer acceptable. The Pierre Fabre Foundation was created to actively help combat these imbalances by improving access to quality drugs and health care. Always providing better treatment and better healing the world's poorest, this is our ambition.

MR. PIERRE FABRE



Laos, Vietnam, Cambodia, Togo, Madagascar

Being able to rely on their own pharmaceutical specialists constitutes an invaluable progress factor for countries in the Global South. For 19 years, the Foundation has been actively involved in training pharmacists in South-East Asia. This was more recently extended to Madagascar and Togo. The Foundation helps build and renovate classrooms and labs, improve the curricula, train the instructors and fund scholarships. It extended support to the Midwifery Training School in Laos.



Mali, Burkina-Faso, Senegal, the DRC, Madagascar, Cameroon, Congo, Haiti

Sickle-cell disease is the most widespread genetic illness in the world and mainly affects Africa, where the number of children born with the illness is estimated to be 300,000 per year. If left untreated, it is estimated that half of them will die before the age of 5. As the leading global player in the fight against this disease in the Global South, the Foundation helps develop local medical organizations and conducts programs on screening, care, training for health care professionals and awareness-raising among populations. It is also investing in clinical research and the international appeal for better management of the illness.



Lebanon, the DRC, e-health Observatory

There are many obstacles to accessing quality primary health care in the Global South, whether economic, geographical, or due to humanitarian crises. In Lebanon, in 2016, the Foundation set up a Mobile Medical Unit for Syrian refugees in the Beqaa Valley. In the DRC, it supports the work of Dr. Denis Mukwege treating victims of sexual abuse in South Kivu. Lastly, in 2016, aware of the opportunities offered by new technologies, it set up an e-health Observatory for countries in the Global South, aiming to identify, document and support e-health initiatives to improve access to health care for the most deprived.



Tanzania, Malawi, Mali, Togo, Burkina Faso

With an average prevalence rate of 30%, skin diseases constitute a worrying public health problem in the Global South that is totally neglected by the local and international health authorities. The Pierre Fabre Foundation is working in Mali, Togo and Mauritania to roll out tele dermatology to give access to diagnosis and treatment despite the lack of specialists. Since 2016, faced with the magnitude of albinism-related health problems in Africa, it has been developing programs in Tanzania, Malawi and Mali for the prevention and early treatment of skin cancer among people living with albinism.

# COMMITMENT

## PURSuing OUR SOCIALLY RESPONSIBLE APPROACH



**IN 2015, PIERRE FABRE LABORATORIES OBTAINED THE "EXEMPLARY" LEVEL IN THE AFAQ 26000 ASSESSMENT**

The shareholding structure of the Group, mainly held by a government-recognized public-interest foundation, gives us the independence we require to ensure our activities are in line with a long-term vision and encourage responsible growth. We thus place the importance of corporate social responsibility (CSR) at the heart of our development model, loyal to the humanist and civic values of our founder. In 2015, AFNOR Certification, an independent organization, assessed our CSR approach according to the AFAQ 26000 method and granted us the level "exemplary," which was a first for a French company with over 10,000 employees.

### STRATEGIC PRIORITIES



### RELATED ISSUES



- Governance & Mission
- Code of Conduct
- Safety & Quality Requirements
- CSR Management
- Responsible purchasing



- Integrated ecodesign policy
- Pollution reduction and resource preservation
- Mobilization of employees



- Nature as a source of innovation
- Research applied to nature
- Sharing of knowledge
- Conservation & preservation of nature efforts



- Skills development
- Health & Safety of employees
- Equity
- Economic and social development of territories



- Pharmaceutical Innovation & Culture
- Prevention
- Support for health care professionals
- Involvement in the public health system
- Health & Solidarity

### GOVERNANCE & ETHICS

The fact that our company belongs to a foundation that is a government-recognized public-interest organization, and the values inherited from our founder including pharmaceutical ethics – which we make sure to place at the heart of our action – guide us in achieving our mission on a daily basis: "caring for the human being as a whole."

### INNOVATION & HEALTH/BEAUTY

In accordance with our mission, we design and develop innovative solutions that contribute to the better-being of patients and consumers, from health to beauty. We achieve this by cooperating with health care professionals, our trusted partners worldwide. Our common goal is a major worldwide challenge: promoting access to health care and taking positive action on health issues. In addition, we support charity projects focusing on the same issues.

### ECODESIGN & INDUSTRIAL FOOTPRINT

Throughout the life cycle of our products, from the purchase of raw materials and their production to being placed on the market and their use, we ensure that our actions fit in with respect for our suppliers and reduce our impact on the environment.

### FIND OUT MORE SUSTAINABLE DEVELOPMENT

[www.pierre-fabre.com/en/sustainable-development](http://www.pierre-fabre.com/en/sustainable-development)

### KNOWLEDGE & NATURE CONSERVATION

Nature is a source of inspiration, innovation and knowledge and our activities are built around its wealth. Today, almost 70% of the company's net sales rely on the marketing of products whose active ingredient comes from nature. Therefore, whether it be through the development of natural active ingredients or through the use of processes resulting from plant-based chemistry, respect for natural resources is profoundly rooted in our values.

### PEOPLE & REGIONS

We listen to our employees, our economic partners and local communities in the regions where we operate, and we fit this dialog into a process based on constructive collaboration and a sense of joint responsibility. Employees and partners alike contribute to our influence and performance. In return, we support the professional development of our employees and, insofar as possible, contribute to the economic, social and cultural dynamism of the regions where we operate.



## Code of Ethics

Our company strives to adhere to the principles of business ethics and to work with partners sharing these principles. To do so, we adopted a Group Code of Ethics. This is a document that lists the commitments, practices, and behaviors chosen and adopted by our company and which will govern both its internal and its external relationships. The code of ethics serves as a point of reference and officially defines the ethical obligations of all employees to ensure they act appropriately and make responsible decisions in their day-to-day work.



The Pharmaceuticals Division has rolled out an "Ethics and Compliance" program relating to best advertising practices and relations with health care players. This program notably includes Transparency of relations and a training plan for employees assigned to pharmaceutical operations in France and abroad.

- Our code of ethics is based around six main themes:
- Meet all the needs of the users of our products, from health to beauty
  - Develop relationships based on trust with health care professionals
  - Act ethically with the public authorities and all stakeholders
  - Be a socially responsible company committed to protecting the environment
  - Recognize the importance of our employees, who play a crucial role in the success of our development and commitments
  - Protect our assets to guarantee our company's long-term success

### FIND OUT MORE GOVERNANCE AND ETHICS

[www.pierre-fabre.com/en/ethics-and-codes-conduct](http://www.pierre-fabre.com/en/ethics-and-codes-conduct)



# STRATEGY

**DEVELOPING FROM HEALTH TO BEAUTY  
WHILE REINVENTING OURSELVES, TRUE TO OUR VALUES**

**In 2017, the Pierre Fabre Group generated €2,318 million of revenues. The Group notably benefits from its presence in the main emerging countries where the pharmaceuticals and cosmetics markets are experiencing strong growth that is set to continue over the coming years.**

## A STRATEGIC POSITION THAT SETS US APART

As a dispensary pharmacist, Pierre Fabre transposed the medicinal mission on an industrial scale with the drive to provide a global response to the therapeutic needs and well-being of patients. The Pierre Fabre Group has a continuum of activities that run from Rx pharmaceuticals to dermo-cosmetic care, oral care, family health care and natural health care. To put this unique “from health to beauty” approach into practice on a daily basis, we have always relied upon health care professionals whose confidence constitutes our first and foremost asset. Through the diversity of our activities, we provide them with patient-focused therapeutic solutions allowing them to treat the main condition and its secondary effects. This is the case, for example, for hospital cancer departments. We offer them dermatological care protocols to help reduce the side effects caused by chemotherapy and radiotherapy.

## ORIGINAL AREAS OF RECOGNIZED EXCELLENCE

When it comes to active pharmaceutical ingredients, the Group especially excels in two areas. On the one hand, research on natural active ingredients; on the other hand, research on biological active ingredients. Using the largest collection of plants available in the industry, Pierre Fabre researches new plant-based active ingredients for both pharmaceuticals and dermo-cosmetics. To our knowledge, no other pharmaceutical or cosmetic laboratory brings together such a continuum of expertise in botany, agronomics, extraction of plant-based active ingredients, formulation and preparation of plant-based pharmaceuticals and cosmetics. Likewise, through its Eau Thermale Avène brand, Pierre Fabre has acquired unparalleled expertise in understanding the dermatological mechanisms of thermal spring water. In addition, Pierre Fabre pharmaceutical research has become a recognized player in the field of targeted biotherapies (monoclonal antibodies, immunoconjugates and cell therapies). The dermo-cosmetics division can also rely on our cutting-edge biotechnology expertise when developing new care solutions from biological active ingredients. In December 2015, the Pierre Fabre Group decided to share its plant heritage and expertise in the phyto-industrial value chain by allowing access to our sample library of over 18,000 plant extracts. This is the Nature Open Library, an open-innovation program in the pharmaceutical, nutraceutical and agri-food sectors.

## A CONTROLLED DRUG VALUE CHAIN

Another asset of the Group is its comprehensive and integrated control of the drug value chain, from laboratory research to medical promotion, and the key steps of clinical development, manufacture of active pharmaceutical ingredients, packaging and distribution. This expertise allows us to build partnerships of a diverse nature with the largest international laboratories or innovative biotech companies. We have reached a globally recognized level of technical skill in the development and manufacture of natural or biological active ingredients, cancer drugs (particularly in an injectable form) and hard-boiled pharmaceutical lozenges. Today, these areas of expertise allow us to propose an integrated industrial subcontracting offer to the most demanding American, European or Japanese laboratories.



## Trajectoire 2018



**In December 2014, the Pierre Fabre Group presented our new strategic plan, named TRAJECTOIRE 2018, based on innovation, international development and sustainable value creation. Ever since, we have been implementing the plan.**

The Trajectoire 2018 plan initially reasserted the Group's unique position in our competitive environment. This position is characterized by a unique continuum of activities, “from Health to Beauty,” built on a model of medicalization and authorized advice.

This is a real competitive advantage. Key elements link all of our activities, from oncology to dermo-cosmetics, onco-dermatology and dermatological Rx. We are therefore the only international cosmetics company to also be involved in dermatological Rx, which grants us unparalleled legitimacy from the dermatologists who prescribe our products and the pharmacists who recommend them. We are also in an ideal

position to develop the company in Consumer Health Care, with growth drivers that borrow from both the Pharmaceuticals and Dermo-Cosmetics business models.

From this position, the Trajectoire 2018 strategic plan aims to restore economic balance to both of our activities. The Dermo-Cosmetics division is experiencing sustained growth, contributing to the bulk of the Group's earnings. Conversely, for several years, especially in France, the Pharmaceuticals division has been subject to the very strong regulatory pressure exerted on the Pharmaceutical industry (lower reimbursement rates of mature drugs, price cuts, rapid rise of generic drugs, etc.), which it must offset through better productivity in its R&D model. Trajectoire 2018 therefore aims to restore the competitiveness of our Pharmaceuticals division, without curbing the strong ambitions we have for the Dermo-Cosmetics division. It also aims to provide us with the financial capacity to go and find growth drivers, especially for Pharmaceuticals.

**To achieve these objectives, we have defined six priorities, which are each covered in a road map and have operational milestones:**

- 1 / Improve prescription drugs' operational and financial room for maneuver**
- 2 / Build a strong multi-local Consumer Health Care franchise**
- 3 / Reinforce the positioning of Dermo-cosmetics by strengthening the brand portfolio around Eau Thermale Avène and gaining market shares**
- 4 / Globalize the from Health to Beauty model, namely by promoting the Pierre Fabre promise on a broader range of channels and by enriching digital content**
- 5 / Better serve our growing markets**
- 6 / Make our operational model more efficient by improving the robustness of our processes, the productivity of our tools and the agility of our organization**

# PHARMACEUTICALS

ACCELERATING INTERNATIONAL DEVELOPMENT AND INNOVATION

Originating in the pharmaceutical sector over 50 years ago, we are continuing to develop our pharmaceuticals business, with a desire to provide patients with treatments in the following areas: Oncology, Ethics and Consumer Health Care.



**886**  
MILLION EUROS  
of revenues in 2017  
by the Pharmaceuticals division



**90%**  
OF ONCOLOGY NET SALES  
made internationally

## RECOGNIZED FOR OUR GROWTH FRANCHISES

Commercially, in France and abroad, the Group has decided to organize itself around three growth franchises:

The Oncology franchise is made up primarily of chemotherapy specialties Navelbine®, the Group's leading pharmaceutical brand in terms of net sales, and Javlor®. The Ethics franchise, on the other hand, offers a wide range of drugs in urology, female health, neuropsychiatry, cardiology, pulmonology-allergology and rheumatology. The Consumer Health Care franchise puts a wide range of drugs and OTC products at the disposal of pharmacists, health care professionals and patients, in three main areas: family health care (Structum, Drill, Pedi-Relax, Nicopatch, etc.), oral care (Elgydium, Eludril, etc.) and natural health care (Naturactive).

The fourth franchise is the CDMO\* business, a significant growth driver for our pharmaceuticals division.

## ONCOLOGY IS OUR MAIN PRIORITY

We dedicate a level of investment to R&D that places us in the middle bracket of the industry: 13.5% of our pharmaceutical net sales in 2017. Conscious of heavy investments required when developing a new drug, we are focusing our research and development efforts on four treatment areas: oncology, dermatological Rx, the central nervous system and consumer health care.

Of these research areas, oncology is our top priority. Our Research and Development Center at the Toulouse Oncopole campus and our Immunology

Center at Saint-Julien-en-Genevois are working on cytotoxic molecules, targeted therapies and monoclonal antibodies for cancer treatment. The two centers combine their expertise in the fields of the future: immuno-conjugates on the one hand and onco-immunology on the other. Onco-dermatology is also a relevant field of research for the Group, at the crossroads of our expertise in oncology and dermatology.

\*CDMO: Contract development and manufacturing organization (development and production service for other pharmaceutical laboratories)

## 4 questions for...



**Frédéric DUCHESNE**  
CEO Pierre Fabre Pharmaceuticals

### What is the ambition of the Pharmaceuticals division on an international level?

**FRÉDÉRIC DUCHESNE:** For several years, we have been making up for the decrease in our revenues in France linked to the impact of regulatory measures on our portfolio of mature products, by developing our revenues abroad by around 5% per year. Our objective is to maintain this pace in order to conduct 70% of our business outside mainland France by 2020. To reach this objective, we have a commercial position that has been historically strong in Europe and Africa, and we have recently increased our presence in Turkey, South America (Brazil, Mexico and Argentina) and Asia (China and Vietnam). This international presence was incidentally a determining factor in convincing the American biotech company Array BioPharma to sell us a license

for two innovative oncology molecules throughout the world (excluding North America, Japan and Korea).

### What are your growth plans for oncology?

**F. D.:** We have over 30 years of experience in oncology, for which we control the whole value chain, from R&D to marketing through industrialization and market access. We allocate it over half of our spending in R&D (€60m) and, for example, have just started phase I clinical trials for a monoclonal antibody conjugated with a cytotoxic, discovered and produced by our research teams. We are also pursuing clinical development in skin and colorectal cancers of two targeted biotherapy molecules in partnership with Array Biopharma. Both of these molecules are currently being registered in Europe, Australia and Switzerland for a severe form of melanoma. At the same time, we are continuing global marketing of Navelbine Oral, our main oncology product, especially in China, where its potential is huge due to the high prevalence of cancers in this country.

### What about the other business franchises?

**F. D.:** We will continue to develop our second franchise named Ethics by combining the promotion of our historical portfolio with commercial partnership agreements. In France, our know-how is already making us the "partner of choice" for many laboratories in various treatment areas (diabetology,

rheumatology, cardiology and respiratory medicine). In 2016, we signed a major agreement with Pfizer for the exclusive promotion of a urinary incontinence treatment in 33 countries across Europe, Russia and Turkey. The results of this partnership are positive and are encouraging us to look for new opportunities of a comparable scale. As for our Consumer Health Care franchise, it is a main priority for the Group. In 2016, we invested in the creation of a dedicated innovation center in Castres, uniting all R&D and marketing teams. This single location enables us to innovate more quickly and more effectively. At the same time, we are adapting our business model to meet the challenges of responsible self-medication, which requires us to consider the needs of suffering patients and advising pharmacists.

### What is the importance of the industrial sub-contracting activity (CDMO)?

**F. D.:** We have long-standing experience, around thirty active partnerships and unique, competitive know-how in injectable products manufactured in a sterile environment, hard-boiled pharmaceutical lozenges and plant-based active ingredients. We are working with both international laboratories and biotech companies, for which the products are still at a pre-industrial stage. Our strength is that we can provide support up to entry into the market via development, support for registration and, of course, manufacturing. Over the next two years, we will make substantial investments in a new workshop at our Pau site to meet the growing demand for the making of injectable oncology products.

*We have over 30 years of experience in oncology, for which we control the whole value chain.*

## PHARMACEUTICALS DIVISION

ONCOLOGY

ETHICS

CONSUMER HEALTH CARE

Pierre Fabre ORAL CARE Pierre Fabre HEALTH CARE

naturactive  
LABORATOIRES PIERRE FABRE



# DERMO-COSMETICS

LEADER IN ETHICAL BEAUTY

As the inventor of dermo-cosmetics, Pierre Fabre Dermo-Cosmetics offers innovative skin care and hair care solutions following a sacrosanct principle: making beauty ethical. As the only international dermo-cosmetics player present in the field of therapeutic dermatology, we are making this activity the flagship for our relationship with dermatologists. We aspire to support patients and health care professionals throughout the course of treatment, with follow-on or supplementary products to the therapeutic treatment.



**1,410**  
MILLION EUROS  
in net sales generated in 2017  
by the Dermo-Cosmetics division



**No. 1**  
IN DERMO-COSMETICS

in France  
in China

## OUR PRODUCTS ARE RECOMMENDED TO MEET THE SPECIFIC NEEDS OF EVERYONE

We design our dermo-cosmetic products to the highest standards of efficacy and safety, with leading-edge expertise in natural substances, hydrotherapy dermatology, biotechnologies and sterile cosmetics. Our products are developed, clinically tested and manufactured according to the standards set out by the pharmaceutical industry. Due to their highly technical nature, they are sold exclusively in the pharmacy channel or equivalent. Recommended and explained by the pharmacist, the pharmacy personnel or consultants trained in diagnosis (particularly in countries lacking a strong pharmacist culture like Japan or China), they provide a suitable response to the specific needs of everyone.

## WE MAKE PATIENT SUPPORT OUR PRIORITY

Dermo-cosmetic care products are often recommended by dermatologists to support or aid patient compliance with a medical treatment and help improve quality of life. This is notably the case in cancer treatment, an area where treatment often causes side effects with two impacts on quality of life: skin discomfort or even pain and the effect on self-confidence. Pierre Fabre Dermo-Cosmetics prioritizes support for patients and health care professionals by developing specific programs.

- **Avène Skin & Cancer:** the comprehensive approach of the Eau Thermale Avène brand, "Avène, Skin & Cancer," includes all action taken to support and accompany health care professionals and/or patients in treating skin cancers and/or side effects of the cancers

and their treatments on the skin: support for screening campaigns, partnership with the European Skin Cancer Foundation, information and training, etc.

- **Hydrotherapy treatment:** the Avène Hydrotherapy Center offers a 3-week post-cancer hydrotherapy treatment with proven benefits (multi-center clinical study versus control group), both in improving the skin and patient quality of life.
- **Foundation for Atopic Dermatitis:** created in 2006, it in particular helps finance treatment education projects for patients affected by atopic dermatitis. It therefore works toward improving the knowledge of patients and parents of children with atopic conditions on the nature of the illness, its treatments, and its effects on the lives of patients and their families.

FIND OUT MORE

[www.fondation-dermatite-atopique.org/en](http://www.fondation-dermatite-atopique.org/en)

4 questions for...



**Eric DUCOURNAU**  
CEO Dermo-Cosmetics Division

## How is Pierre Fabre Dermo-Cosmetics (PFDC) doing, especially abroad?

**ERIC DUCOURNAU:** Between 2013 and 2017, our business increased by €323m, which accounts for mean annual organic growth of 7.4%. In this period, international sales experienced nearly double-digit annual growth\*. All our brands are now making more than 50% of their revenues abroad, first of all Eau Thermale Avène, which exceeded €800 million in revenues in 2017, 73% of that abroad. We are the leaders in France, which is still the top dermo-cosmetics market in the world, with a market share above 22% in value terms, i.e. nearly one and a half times the share of our main competitor. We are No. 1 or No. 2 in most European countries, and No. 1 in China, which is our main subsidiary. Incidentally, Avène is the only international dermo-cosmetics brand to have a strong presence in Japan thanks to a 30-year partnership with Shiseido.

## What are the strengths of the PFDC portfolio?

**E. D.:** First of all, we are the only international cosmetics company to be present in medical dermatology, via Pierre Fabre Dermatologie (PFD). This gives us a different core value, insofar as it supports the medical sales visits of our brands in the dermo-cosmetic universe, namely Eau Thermale Avène, Ducray and A-Derma. Our second strength is our teams. We have opened 11 subsidiaries since 2013 and have recruited over 3,000 employees outside of France. Their ambition is focused on our 10 brands. These brands are our 3<sup>rd</sup> strength as they are complementary, covering all skin and hair needs, from dermatology (Avène, Klorane, Ducray, A-Derma, Galénic, Darrow and Glytone) to scalp and hair care (Ducray, Klorane, René Furterer and Darrow). Lastly, our 4<sup>th</sup> strength relates to the values of our brands, values that include naturalness and quality, expressed in particular via the "made in France" aspect, and our ability to develop innovative products, over 140 per year, of which 20% are designed and manufactured to meet the specific needs of Asian, South American or African consumers.

## Why have you created an e-commerce site in South Korea?

We are selling five brands in South Korea, and it is the country with the most developed digital uses: 98% of the population is mobile-friendly. Korea therefore seemed to be a good choice to test a new concept for PFDC: directly selling our brands on a single platform called the Dermo Cosme Shop. This enables us to generate customer loyalty through the discovery of our know-how, the breadth of our ranges and our product innovations. We are also learning from consumers using an online diagnosis tool to help them choose the product to suit their needs. A third of our sales are actually generated online in South Korea, via our own website and the websites of our retail partners.

\*9.5% per year on average.

## What position does digital hold at PFDC?

Digital technologies are a great opportunity. By making us more attentive to consumers, and giving us the resources to be this attentive, they make us review our whole value creation chain. Health care professional recommendations are still very important for our products, but not enough. Consumers have become extremely connected and are forming their own opinions on products and brands, thus becoming co-prescribers. These transformations in the "experience" and "consumer journey" mean our brands have to generate a preference at each stage of this journey. In addition, each country has its own specific features and makes us have to constantly juggle the ambition of creating global brands and the need to be locally relevant.



# INTERNATIONAL TARGETED GLOBAL EXPANSION

Through a network of subsidiaries in 47 countries, including all the major emerging markets, and distribution of our products in 132 countries, we are generating 61.5% of our net sales in foreign markets. In total, 6,918 people are employed outside of France.



**1,055**  
BILLION DOLLARS  
global pharmaceutical market



**19.3**  
BILLION DOLLARS  
global dermo-cosmetics market

## OUR MARKETS

The global pharmaceutical market grew by 3% in 2017 (LC Dollars) to reach \$1,055 billion, driven by North America for 46% of sales (+2%), Africa/Asia-Pacific for 25% (+3%), Europe for 22% (+3%), and Latin America for 8% (+11%).\*  
The global cosmetics market reached 359 billion dollars in 2017, up +5.1%. All regions in the world are growing, including Western Europe. The development forecasts between 2018 and 2022 are estimated at an average of + 4% to + 5% per

year, due to strong projected growth in Asia, Latin America, Africa and the Middle East. The USA, the leading global cosmetics market, should remain in the top spot until 2022. The dermo-cosmetics market is estimated at \$19.3 billion (€17 billion), or around 5.7% of the overall cosmetics market\*\*

\* IQVIA World Review Preview 2018

\*\*Euromonitor 2017 and internal Pierre Fabre Dermo-Cosmetics estimation for a restricted perimeter of 60 researched countries.

Driven at a very early stage by the desire to have a presence outside of France, the Pierre Fabre Group initially turned to Southern Europe. A natural step for a company located in the Tarn, close to Spain. Incidentally, the Group opened its first subsidiary in Barcelona in 1970. This was followed by Portugal, Italy and Greece. Our dermo-cosmetics brands now have a prime position in these four countries.

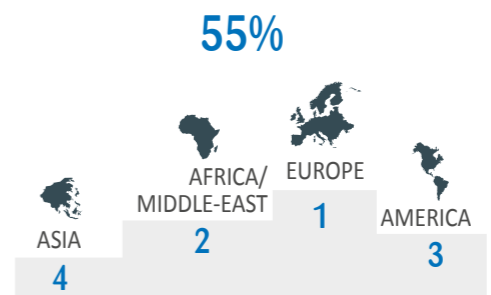
Our international development follows the model that made the company a success in France.

Regardless of the country in which we are operating, the virtuous continuum principle – doctor, pharmacist, patient – prevails. This is necessary for pharmaceuticals, but also for dermo-cosmetics. It is, however, a model that we know how to adjust to take into account the specific features of each market where distribution through pharmacies is more or less developed.

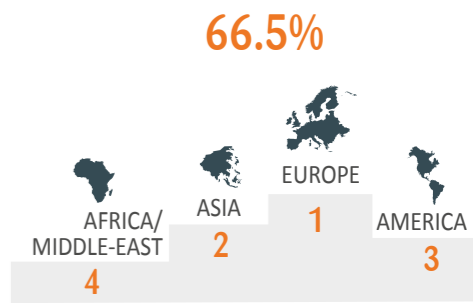
Being attentive to all cultures, creating relationships based on trust with local health care professionals, adapting to the reality of the distribution channels of each market without ever surrendering our requirement for professional advice provided in an environment that is consistent with the highly technical nature of our products: this is our approach for internationally building upon what we have constructed from our native land for over half a century.

## PERCENTAGE OF REVENUES ABROAD

### PHARMACEUTICALS DIVISION



### DERMO-COSMETICS DIVISION



## INTERNATIONAL FOOTPRINT THROUGH SUBSIDIARIES AND OFFICES

IN **47 COUNTRIES**  
ON ALL **5 CONTINENTS**

- ALGERIA • ARGENTINA • AUSTRALIA • AUSTRIA • BELGIUM • BRAZIL • BULGARIA • CANADA • CHILE • CHINA •
- CZECH REPUBLIC • DENMARK • DUBAI • FINLAND • FRANCE • GERMANY • GREAT BRITAIN • GREECE • HONG KONG •
- INDIA • ITALY • IVORY COAST • JAPAN • LEBANON • LUXEMBOURG • MADAGASCAR • MEXICO • MOROCCO •
- NETHERLANDS • NORWAY • POLAND • PORTUGAL • RUSSIA • SENEGAL • SINGAPORE • SLOVAKIA • SOUTH AFRICA •
- SOUTH KOREA • SPAIN • SWEDEN • SWITZERLAND • TAIWAN • TUNISIA • TURKEY • UNITED STATES • URUGUAY • VIETNAM

## FROM HEALTH TO BEAUTY

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MEETING THE CHALLENGES  
OF HEALTH AND WELL-BEING

“  
WE HAVE CREATED  
NUMEROUS PRODUCTS,  
GOOD PRODUCTS,  
DESIGNED WITH  
PASSION AND CARE;  
WE HAVE DONE  
USEFUL THINGS  
FOR HEALTH”  
”

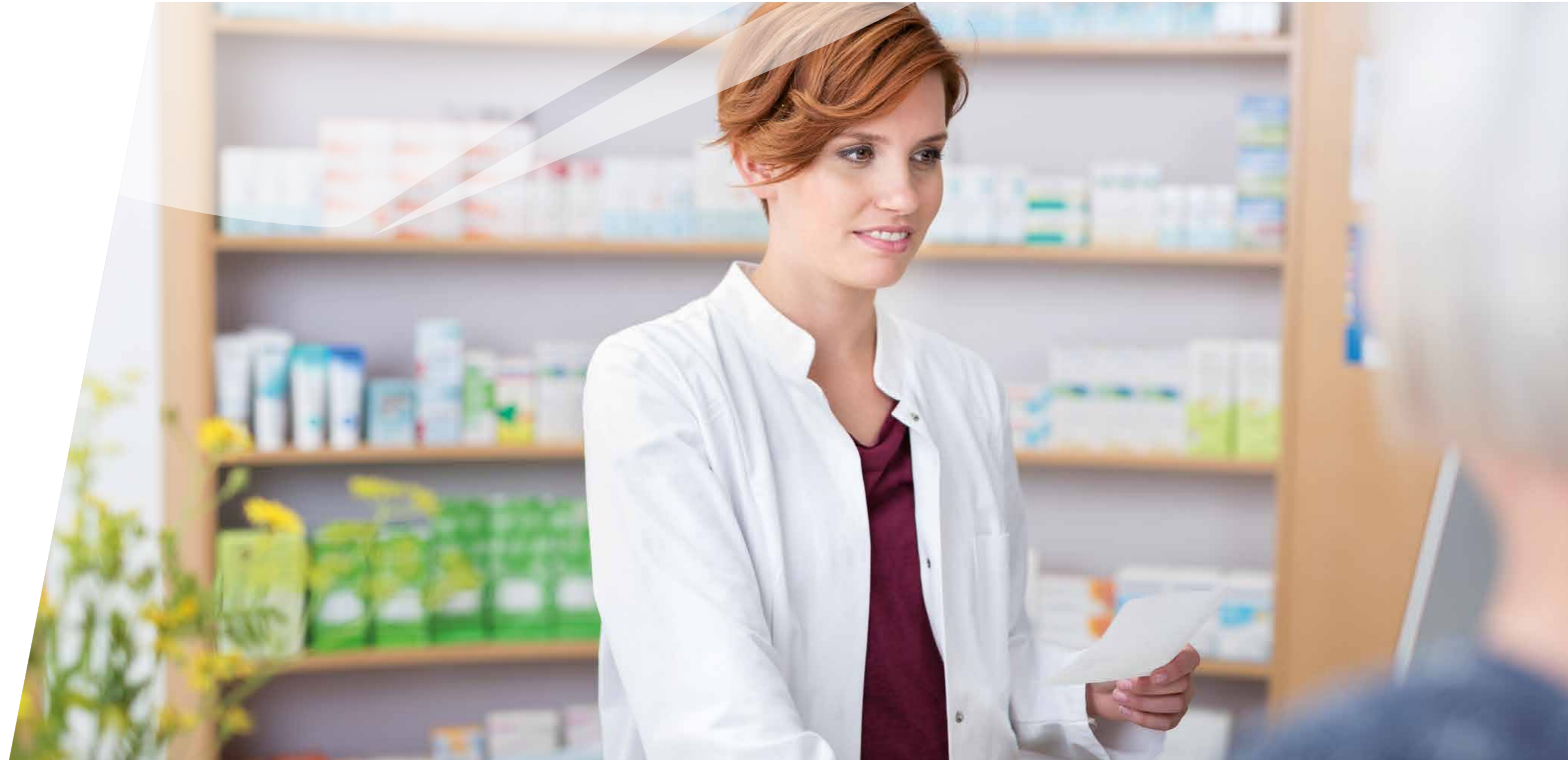
MR. PIERRE FABRE

JUNE 2005

# MISSION

*Caring for the human being as a whole. In order to do this, we design and develop consumer and patient inspired innovative solutions that contribute to people's well-being, from health to beauty. We achieve this by cooperating with health-care professionals, our trusted partners worldwide, by drawing relentless inspiration from nature and plants, and by placing pharmaceutical ethics at the very heart of our operations.*

Health is a unified whole. It is not just about being free from disease or disability. As the World Health Organization (WHO) says, it is a state of complete physical, social and mental well-being. The Pierre Fabre Group took on the ambition to meet this need for well-being, with a constant concern for proven efficacy and the highest level of safety, from pharmaceuticals to dermo-cosmetics care, from health to beauty. Men, women and children, ill, recovering or in good health, from birth to their last days, Pierre Fabre products care for everyone.



# INNOVATION

## IMAGINING FUTURE PRODUCTS

Investments in R&D reflect the importance that we attach to the discovery and development of innovative therapeutic and well-being solutions, from health to beauty. Pierre Fabre combines pharmaceutical research and dermo-cosmetic research, thus creating novel links between these different fields. The Group makes use of cross-functional expertise, in particular, research on plants and expert knowledge on active ingredients of natural or biotechnological origin.



ALMOST **175**  
MILLION EUROS



**13.5%**  
OF NET SALES FROM  
PHARMACEUTICALS

ALLOCATED TO R&D IN 2017



**4.5%**  
OF NET SALES FROM  
DERMO-COSMETICS

# 5

AREAS OF INNOVATION

### Oncology:

We are allocating 50% of our medical research budget to oncology, which is the priority area for innovation. Our research is focused on areas with major medical needs, mainly solid tumors, notably cancers of the aerodigestive tract such as colon cancer, head and neck cancers, or cancers of the urogenital tract, such as bladder cancer, as well as skin cancers (melanomas) and certain blood cancers such as leukemia. At the crossroads of our expertise in dermatology and oncology, onco-dermatology has become a vital area of our R&D in recent years.

### Central nervous system:

Our researchers are working to develop therapeutic solutions in the treatment of schizophrenia, depressive disorders and pain.

### Dermo-cosmetics:

Our researchers are identifying potential active ingredients and new targets. They are developing suitable knowledge and methods to better understand the physiology of normal skin and skin suffering from a condition, to provide the most comprehensive cosmetology offering possible, from support for skin problems to care for the skin and scalp.

### Consumer Health Care:

Our consumer health care innovation unit covers a broad spectrum of solutions in the areas of family health care, oral care and natural health care. In this domain, we are developing drugs as well as medical devices, dietary supplements and cosmetics, with the aim of meeting every individual's needs on a daily basis.

### Dermatological Rx:

In this area, we are focusing our innovative efforts on treating infantile hemangioma, atopic dermatitis, orphan diseases and onco-dermatological illnesses. The development of new topical treatments for the management of these skin cancers – notably basal-cell carcinomas and actinic keratoses – are our priority now more than ever.



At the Oncopole in Toulouse, the Pierre Fabre R&D Center is just across the road from the IUCT-O clinic. The IUCT-O clinic is the first French treatment clinic to receive ISO 9001 certification for its management of clinical trials in cancer treatment.

**ZOOM**

## Translational medicine: from laboratory to patient

The emerging scientific discipline of translational medicine bridges the gap between basic research carried out in laboratories and clinical research carried out on patients. The aim is to have laboratories, practitioners and patients working closely together to make new treatments – cancer treatments in particular – available as quickly as possible. Committing to the realization of the Oncopole project in Toulouse at the turn of the millennium, with its campus housing researchers, clinicians, practitioners and patients on the same site, Pierre Fabre Laboratories took an interest in translational medicine very early on. Everything is now up and running. The Pierre Fabre Research Center is just across the road from the Toulouse University Cancer Institute - Oncopole (IUCT-O). The IUCT-O clinic receives 10,000 patients a year and is the first French treatment establishment to be awarded ISO 9001 certification for its management of clinical trials in cancer treatment. In 2017, the Group formed a partnership with the Toulouse Cancer Health Foundation and the French Institute of Health and Medical Research (INSERM), a translational medicine research chair focusing on tumor heterogeneity. It is backed up by the IUCT-O and integrated into the Cancer Research Center of Toulouse (an INSERM structure).

## PHARMACEUTICAL INNOVATION

The development of a pharmaceutical drug is a long and complex process, which on average takes 15 years, requiring 10,000 synthesized molecules to market one drug. To rise to this challenge, Pierre Fabre R&D relies on five main areas of expertise.

### Natural substances:

Plants and water are a source of multi-disciplinary scientific experiments with the aim of developing original active ingredients used in the fields of pharmaceuticals, family health care and dermo-cosmetics.

### New chemical entities:

Technological advances in molecular and cellular biology, structural biology, molecular modeling and medicinal chemistry contribute to the discovery of innovative therapeutic principles. These therapeutic principles are approved through the implementation of pharmacological models similar to situations tested during clinical studies on patients, and are therefore highly predictive. Today, this expertise is an essential line of research, particularly in oncology and neuropsychiatry.

# 5

## SCIENTIFIC EXPERTISE

### Biotherapies:

Based on monoclonal antibodies and recombinant proteins, biotherapies are also at the cutting edge of Pierre Fabre research, and have been studied by us for over 15 years. The interest in monoclonal antibodies lies in their highly targeted mode of action, their efficacy and their greater tolerance in relation to chemotherapy treatments.

### Immunoconjugates:

At the crossroads of chemistry and biotechnologies, they are currently a booming class of pharmaceuticals for cancer treatment because they allow the active components to be delivered to the very core of a cancerous cell without affecting the healthy cells. Our research teams have complementary know-how for designing, producing and assessing such molecules, by combining the expertise of targeted biotherapies developed in Saint-Julien-en-Genevois, knowledge on the cytotoxic agents studied at Toulouse-Oncopole and the chemistry know-how of the teams in Toulouse.

### Translational medicine:

To move more quickly and safely from basic research to proof of concept then to the drug administered to the patient, Pierre Fabre R&D now uses translational medicine, an accelerated clinical development strategy based on innovative clinical designs.



## Immuno-oncology: new hope in cancer treatment

Alongside surgery, radiotherapy, chemotherapy and targeted therapies based on kinase inhibitors, immuno-oncology is now the No. 5 course of treatment for cancer. This new-generation treatment is mainly based on monoclonal antibodies, the molecules naturally produced by our immune system to fight against molecules identified as being foreign by the body.

The Pierre Fabre Immunology Center (CIPF) started looking at antibodies in the early 2000s. While chemotherapy molecules affect cancerous and non-cancerous cells indiscriminately, the CIPF wants to develop new antibodies that specifically recognize tumorous cells, preventing their growth while reducing side effects.

The advent of antibodies has opened up a whole field of research into their derivatives. For the past three years, the stars of cancer treatment have been immunomodulators. These antibodies help patients' immune systems to "unlock themselves" and fight the tumor. At the CIPF, we are trying to find the right antibody formula for each type of cancer. Current research involves combining several immunomodulators with each other and combining immunoconjugates and immunomodulators, to improve the efficacy of the molecules even further.

*Text from Figaro Partner, published on May 23, 2016 in the health care section of Le Figaro*

## INNOVATION IN DERMO-COSMETICS

To enhance our offer of dermo-cosmetic products, our researchers are identifying new active ingredients of natural, biological or chemical origin and exploring the cutaneous and capillary mechanisms on a tissue, cellular and molecular scale. They are focusing on seven areas of research and six areas of scientific expertise.

### Barrier function:

Better understanding the biology of the epidermal barrier and identifying active ingredients that foster skin hydration, strengthening the barrier function, resistance to different types of stress or even cell repair.

### Photoprotection:

Studying combinations of filter systems meeting various criteria: chemical (broad absorption spectrum, water resistance, etc.), cosmetic (good sensory qualities), safety (local tolerance) and respect for the environment.

### Skin aging:

Understanding the mechanisms involved in the skin aging process and offering new anti-aging active ingredients.

### Inflammation (acne, atopic dermatitis and rosacea):

Ascertaining the molecular mechanisms at play in the development of inflammatory skin reactions and developing new support strategies.

### Hair biology:

Studying the cellular and molecular mechanisms that contribute to regulating the hair cycle, seborrhea, hydration and scalp sensitivity, to improve the treatment of various types of hair loss and other disorders associated with the scalp.

### Pigmentation:

Proposing new active ingredients to support the treatment of pigmentation disorders.

### Slimming:

Identifying pharmacological targets and active ingredients to increase the efficacy of slimming products. Our research focuses on chronobiology in particular.

### Sterile Cosmetics:

Disruptive technology that offers formulas containing only the essential active ingredients for the most sensitive skin types, with no preservatives. The guarantee of a safe and effective formula throughout the duration of use.

### Cellular and skin modeling:

Pierre Fabre has a unit specializing in skin tissue engineering, which makes it possible to develop skin models from fibroblasts and keratinocytes. With a high predictive value for tolerance and efficacy of active ingredients, these models fall into a transversal assessment logic (from in vitro studies to clinical studies in humans).

### Microbiota:

By developing truly "microbiotic" dermo-cosmetics that promote and restore the diversity of microbial skin flora, researchers from Pierre Fabre Dermo-Cosmetics are offering an innovative treatment with effective and well-tolerated care.

### Biotechnologies:

In the area of dermo-cosmetics, biotechnologies rely on extensive experience and expertise in developing high-tech pharmaceutical processes: culture in bioreactors, production of active ingredients from plant cells or microorganisms.

### Dermatology hydrotherapy:

The treatment of patients affected by atopic dermatitis or psoriasis at the Avène hydrotherapy center has clearly demonstrated the therapeutic benefits of its thermal spa water. To better understand its composition and mechanisms of action, Pierre Fabre Laboratories has created the Water Laboratory.

6  
SCIENTIFIC EXPERTISE

### Formulations:

Emulsions, foams, lotions, sticks, powders, soaps, oils, etc. Our raw materials are selected to combine effectiveness with comfort and to make our products a pleasure to use.

ZOOM

Sterile Cosmetics



Since the 1990s, Group researchers and engineers have been designing a unique system for the manufacture of sterile, preservative-free skin care products, in the form of disposable single-doses, for the most demanding skin types. To make these sterile

products accessible to as many people as possible and to promote compliance with treatments, a new research project has been put in place. This resulted in the launch of a new generation of skin care in 2009: Sterile Cosmetics.

Sterile Cosmetics, which ensure absolute efficacy and safety for the most demanding types of skin (baby's skin, hypersensitive skin, diseased skin and, in particular, atopy-prone skin), are currently the only cosmetics to guarantee:

- Preservative-free products containing only the absolutely essential active substances
- A unique manufacturing process developed by Pierre Fabre Laboratories: sterilizing formulas via infusion and packaging them in a sterile environment, according to current standards in the pharmaceutical industry
- Sterility of the product throughout its use thanks to DEFI (Device for Exclusive Formula Integrity), a patented packaging system. DEFI makes it possible to maintain the sterility of the product, even after the tube has been opened, with no risk of bacterial contamination throughout use

Marketed from 2009 under the Eau Thermale Avène brand (Tolérance Extrême range), Sterile Cosmetics are also available with the A-Derma and Ducray brands. They will be gradually extended to other Pierre Fabre Group products designed for the most demanding types of skin.

FIND OUT MORE

www.cosmetique-sterile.com

# SHARING

## DEVELOPING AND INNOVATING TOGETHER

We have always favored a partnership-based approach, convinced that synergy and sharing of expertise are business and innovation accelerators. 30 years after our first historic partnership agreement with the CNRS, we are continuing our collaboration with French public research bodies (Teaching Hospitals, INSERM, etc.), universities (École polytechnique de Lausanne, Université de Saclay, etc.), biotech companies (Array BioPharma, AbCheck, Collectar, etc.) and international pharmaceutical laboratories (Allergan, Abbvie, etc.). Since 2015, we have wanted to go further by launching two major open innovation initiatives.

### NATURE OPEN LIBRARY: SHARING OUR PLANT HERITAGE AND EXPERTISE



For over 50 years, we have been managing the supply chain to develop and produce innovative active ingredients from plants for health care and dermo-cosmetics.

With the launch of Nature Open Library in 2015, we would like to share our expertise in the research, development and industrialization of plant-based active ingredients with private and public players heading innovative projects. This program notably results in providing a multi-disciplinary team of experts in the phyto-industrial value chain (botanists, agronomists, chemists, production engineers, specialists in regulatory affairs, legal experts, etc.) and the opening of our plant extract sample library.

With 18,000 listed samples from 7,000 species, including some rare ones, it is one of the largest private collections in the world. Eight partnerships were signed in 2016, with French or international biotechnology companies and with major groups.

FIND OUT MORE

<http://nature-open-library-pierre-fabre.force.com>

### NATURAL FRAGMENT LIBRARY: INNOVATING THROUGH NATURAL FRAGMENTS



The Pierre Fabre Group is at the head of a vast sample library of new fragments taken from plants.

The screening of fragments today appears to be a promising method, offering interesting prospects for identifying drug candidates.

Determined to share our sample library with a broad public in the setting of our Open Innovation initiative, Pierre Fabre made the strategic decision to work with NovAliX, an international partner specialized in the research and development of drugs and the use of biophysics for screening and characterization.

This partnership will enable experts from NovAliX to offer pharmaceutical laboratories, institutions or stakeholders in the biotechnology sector access to the Pierre Fabre Natural Fragment Library.



## New partnerships 2017-2018



#### ONCOLOGY

Analyze the biology of new identifiable therapeutic targets and assess the impact of innovative pharmacological approaches using biological models as a basis.

SCIENTIFIC COLLABORATION

#### ONCOLOGY

Develop innovative immunotherapies to treat cancer.



RESEARCH PARTNERSHIPS



#### ONCOLOGY

Identify new active ingredients for human and animal health.

RESEARCH PARTNERSHIPS

#### IMMUNO-ONCOLOGY

Acquire innovative "checkpoint"-inhibiting immunotherapies that are likely to reduce resistance to existing immunotherapies.



ACQUISITION OF R&D ACTIVE INGREDIENTS



#### ONCO-DERMATOLOGY

Extend the reputation of MÈME products in oncology departments and pharmacies and provide patients affected by cancer with targeted advice.

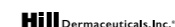
STAKEHOLDING AND PROMOTIONAL AGREEMENT

#### ONCO-DERMATOLOGY

Assess and develop PI3K/mTOR inhibitor formulations for multiple therapeutic indications.



RESEARCH PARTNERSHIPS



#### DERMATOLOGY

Share our expertise and promote scientific information on a drug indicated in actinic keratosis.

LICENSING AGREEMENT

#### ETHICS

Grant Boston Pharmaceuticals the exclusive global rights for the development, production and commercialization of F17727, in the possible treatment of atrial fibrillation.



LICENSING AGREEMENT



#### ETHICS

Open access to the collection of plants (Pierre Fabre Natural Fragment Library) and associate the biophysics methods and screening techniques developed by NovAliX with it.

RESEARCH PARTNERSHIPS

#### ORAL CARE

Ensure the promotion and distribution of Elygidium Power Kids, a sonic toothbrush for children.



DISTRIBUTION AND SUPPLY CONTRACT



#### ORAL CARE

Distribute and sell BUCCOTHERM brand oral health care products in France.

DISTRIBUTION AGREEMENT

#### ORAL CARE

Distribute and sell oral health care products.



DISTRIBUTION AGREEMENT



# INSPIRATION

EXPLORING  
THE BEST OF NATURE

ZOOM

Avène thermal spring water,  
alliance between rain and rock

A source of inspiration, exploration and beauty, nature is at the heart of our development model. Research into natural substances is a historic and original focus for our Laboratories. For over half a century, we have been convinced that nature still holds undiscovered benefits for healing, soothing and beautifying.



18,000

PLANT SAMPLES  
the largest private collection  
in the world



3 to 5

NEW PLANT-BASED  
EXTRACTS  
developed every year



2

CENTURIES  
OF RECOGNITION  
FOR THE PROPERTIES  
of Avène thermal  
spring water

## THE PROPERTIES OF AVÈNE THERMAL SPRING WATER

Avène thermal spring water has been recognized for over two centuries for its soothing and anti-irritating properties. It is the essential active ingredient for a wide range of care products for the most sensitive, intolerant and allergic skin types. To deepen our knowledge of its composition and mechanisms of action, with the support of water experts, Pierre Fabre research teams are leading multi-disciplinary programs.

These have unlocked the secret of its unique mineral composition: an underground journey of over 50 years, which takes it to a depth of up to 1,500 meters, during which it takes in minerals and trace elements. Recently, our researchers also brought to light the biological characteristics of the spring water.

## EXPLORING MARINE BIODIVERSITY

In order to increase our access to original natural molecules (particularly in infectiology, oncology and dermatology) while preserving marine biodiversity, in 2001, we created a mixed research team at the Oceanological Observatory at Banyuls-sur-Mer (Laboratoire Arago) in conjunction with the Pierre and Marie Curie University (Paris VI) and CNRS [National Center for Scientific Research]. This team specializing in microbial ecology is studying marine microorganisms, a renewable source of original biological active ingredients, and is contributing to a better characterization of this biodiversity, which still remains almost unknown.

Its collection of microorganisms is registered at the World Federation for Culture Collections and includes over 2,000 species. To enrich this

collection, the Oceanological Observatory takes part in oceanological campaigns on the different seas of the world, such as the campaign organized by the explorer Jean-Louis Étienne on Clipperton Island deep in the Pacific.

## DISCOVERING THE BENEFITS OF PLANTS

Convinced that the 250,000 flowering plants listed to date, and those that remain to be discovered, may hold health and beauty benefits, we have made research into plant-based substances a major focus of innovation. These scientific investigations are integrated into Botanical Expertise Pierre Fabre, a certified approach for the responsible development of innovative, safe and effective plant-based active ingredients. Numerous sciences and technologies are brought into play to identify plants that are

to be researched, in particular phytochemistry, chemotaxonomy and metabolomics.

Our researchers are working on identifying molecules that are responsible for the activity of a plant, defining the extraction process guaranteeing a constant active-ingredient content and a method ensuring the reproducibility of this content in extracts produced on an industrial scale. In parallel, our agronomists are selecting the variety that is richest in active molecules, and defining the optimum cultivation and harvesting techniques.

## SHARING AND PROMOTING KNOWLEDGE

Additionally, our subsidiary in Madagascar decided to create a 138-hectare nature reserve on its own land to protect and list the species endemic to southern Madagascar. This reserve, named *Sakara* (from the name of the river flowing through our land) was established in collaboration with the Madagascar Ministry of Water Resources and Forestry and was granted a status recognized by order of the Directorate General for the Environment and Forests in Antananarivo. The partial inventory of flora at the reserve revealed 146 species, including 20 species protected by international legislation. This transition forest (between dry forest and rainforest) is primarily dominated by the species *Operculicarya decaryi*, *Grewia sp.*, *Rhigozum madagascariense*, *Commiphora sp.*, *Aloe divaricata* and *Hazunta modesta*. Other observations are due to take place at different times to better record the existing biodiversity.

Avène thermal spring water owes its properties to its unique composition. Its therapeutic reputation has been recognized since 1736 and scientifically proven. Properties are harnessed by this precious, secret water during the long journey it makes toward the spring.

First, there is rain. Rainwater falls over an area of around 20 km<sup>2</sup> called the impluvium, which collects the surface water and directs it toward the underground reservoir. The water gradually infiltrates a permeable rock, dolomite. It starts on a long, underground journey during which it collects minerals and trace elements. Gradually, during this descent, which is over 1,500 m deep, the water heats up, reaching 60 to 65°C. Via a natural phenomenon called thermosiphon, these hot masses are pushed to the surface and reach the spring via cracks in the rock.

Avène thermal spring water owes its properties to a dual heritage. On the one hand, it benefits from a unique, invariable composition of minerals – bicarbonate, calcium and magnesium – and trace elements. On the other hand, its mineral content is low, balanced and most of all perfectly constant. Why? It remains underground for over fifty years.



Text taken from the site *Naturellement Mieux*, co-developed by Pierre Fabre and Le Figaro (<http://naturellementmieux.lefigaro.fr>)

FIND OUT MORE

[www.eau-thermale-avene.com](http://www.eau-thermale-avene.com)  
[www.avenecenter.com/en](http://www.avenecenter.com/en)

# RIGOR

## MANUFACTURING IN COMPLIANCE WITH THE STRICTEST STANDARDS

We have chosen to internalize the design and manufacture of the greater part of our products, from research to distribution, to guarantee quality by controlling the entire logistics chain. Our manufacturing applies innovative processes, based on a progress initiative, which constantly raises the standards and the overall level of quality.



### ISO 9001

FOR ALL OF OUR INDUSTRIAL SITES DEDICATED TO DERMO-COSMETICS



### ISO 14001

FOR OUR CHEMICAL AND PHARMACEUTICAL (PAU) AND DERMO-COSMETICS (SOUL AND AVÈNE) PRODUCTION SITES

## SPECIFIC KNOW-HOW

### Cytotoxic molecules and production in aseptic conditions

Specialized in aseptic filling using isolator technology to manufacture cytotoxic molecules, the Pau plant (Pyrénées-Atlantiques) was the first French pharmaceutical site to gain approval from the American Food and Drug Administration (FDA) in 1993.

### Hard-boiled pharmaceutical lozenges

The production of hard-boiled lozenges for pharmaceutical products is the core business for the Aignan site (Gers). It uses innovative, constant flow production technology, with many benefits for our European and American partners.

### Pharmaceuticals and food supplements in dry and liquid forms

Since 1990, the Cahors unit (Lot), specialized in small series, has been manufacturing and packaging plant-based capsules, powders and liquids.

Since 2016, it has also been packaging hard-boiled pharmaceutical lozenges produced at the Aignan site.

### Pharmaceuticals in dry, paste and liquid forms

Constructed in 1963 by Rhône Poulenc, the Gien site (Loiret) was integrated with Pierre Fabre Laboratories in 1993. Today it is the Group's largest pharmaceutical production site. It manufactures and packages pharmaceutical and cosmetic products and medical devices in dry forms (such as capsules, tablets and sachets), or as pastes and liquids.

### Paste forms and toothpastes

The Gien site also produces toothpastes to pharmaceutical standards. A new workshop was built to accommodate this production, transferred from the Château-Renard site. The Elgydium toothpaste and mouthwash range obtained the French Origin Guaranteed label in February 2016.

### Sterile Cosmetics and Dermo-Cosmetics

The Soual site (Tarn), supported by the neighboring workshop of Mazamet, manufactures and packages dermo-cosmetic products for all Pierre Fabre Dermo-Cosmetics brands (creams, liquids, milks, lotions, soaps, sticks, etc.). The Avène industrial site (Hérault) manufactures and packages Eau Thermale Avène-branded products from the spring water drawn nearby at the Sainte-Odile source. Following the significant investments made regularly since 2011, the two plants have been producing Sterile Cosmetics products in a sterile environment. In 2015, the Avène production unit gained FDA approval to export OTC products to the USA. The Aréal site in Brazil, associated with the purchase of Darrow in 2006, was converted into a dermo-cosmetic product manufacturing unit for the Brazilian market.

The Château-Renard conversion is completed and the site is fully dedicated to dermo-cosmetics activities. Soual obtained the ISO 14001 certification in late 2015 and Avène in late 2016.

### Active ingredients

In its Gaillac (Tarn), Virrey del Pino (Argentina) and Palézieux (Switzerland) plants, Pierre Fabre produces active ingredients of plant, biological or synthetic origin for the pharmaceutical, cosmetic and nutraceutical sectors. The Group has cutting-edge industrial expertise in fields such as extraction, hemisynthesis, chemical synthesis, plant cell cultivation and supercritical fluids. Tests are meticulously performed at every stage in the development and manufacture of active ingredients.



## CONTRACT DEVELOPMENT AND MANUFACTURING ORGANIZATION (CDMO)

### A COMPLETE RANGE OF SERVICES ON BEHALF OF THIRD PARTIES

For over 20 years, Pierre Fabre CDMO (Contract Development and Manufacturing Organization) has been providing a wide range of services and offering its international partners innovative solutions for their projects. Our CDMO model offers the highest level of quality at each stage of the process. Our industrial and technological know-how means we can propose a comprehensive or customized offer, from supplying components to delivering to customers, for pharmaceutical and cosmetic products, dietary supplements and medical devices. Our industrial teams are able to help development teams from the design stage. This collaboration, which takes place in the very early stages of the product and procedure industrialization process, makes it faster to register and launch new products.

Injectable products, for conventional cytotoxic agents, and products from biotechnology

Our main business is manufacturing large batches of injectable products at our site in Pau, which is globally recognized for its expertise. This production site is organized around nine independent workshops, specialized in the aseptic filling of cytotoxic and biotechnological cancer drugs using isolators. These are inserted into pre-filled syringes and bottles in the form of liquids and lyophilisates.

### Hard-boiled lozenges in a pharmaceutical environment

Our Aignan production unit offers a competitive service in the manufacture of lozenges used in consumer health care to treat sore throats, smoking cessation and other pharmaceutical applications. A very wide variety of products can be produced, taking the various formulations and technologies offered into account.

# 4

SPECIALIZED BUSINESS AREAS

# CDMO

### Tablets, liquids and creams

These products are produced in their different forms at our plants in Gien (Loiret) and Ho Chi Minh City (Vietnam). Production and packaging are very closely linked in these plants too.

### Active ingredients, in particular natural active ingredients

Based in Gaillac, our unit dedicated to active ingredients offers high-tech know-how in the areas of extraction, purification and synthesis. Another site in Bagnères-de-Bigorre is specialized in the manufacture of floral waters. Two other plants, one in Virrey del Pino (Argentina) and the other in Palézieux (Switzerland), have specific experience in biological extraction. These production sites operate in line with current best industrial practices.

### FIND OUT MORE

[www.pierre-fabre.com/en/CDMO](http://www.pierre-fabre.com/en/CDMO)

# ATTENTIVENESS

## PROVIDING SUPPORT, FROM PRESCRIPTION TO ADVICE

The Pierre Fabre Group is committed to improving the treatment, health and well-being of patients and consumers. To carry out this mission, we form partnerships based on trust all over the world and at home with health care professionals who are in the best position to prescribe or recommend the Group's products. They know their patients' needs and can provide them with necessary information for the correct use of their products better than anyone else.

### SUPPORT AT THE HEART OF THE MODEL

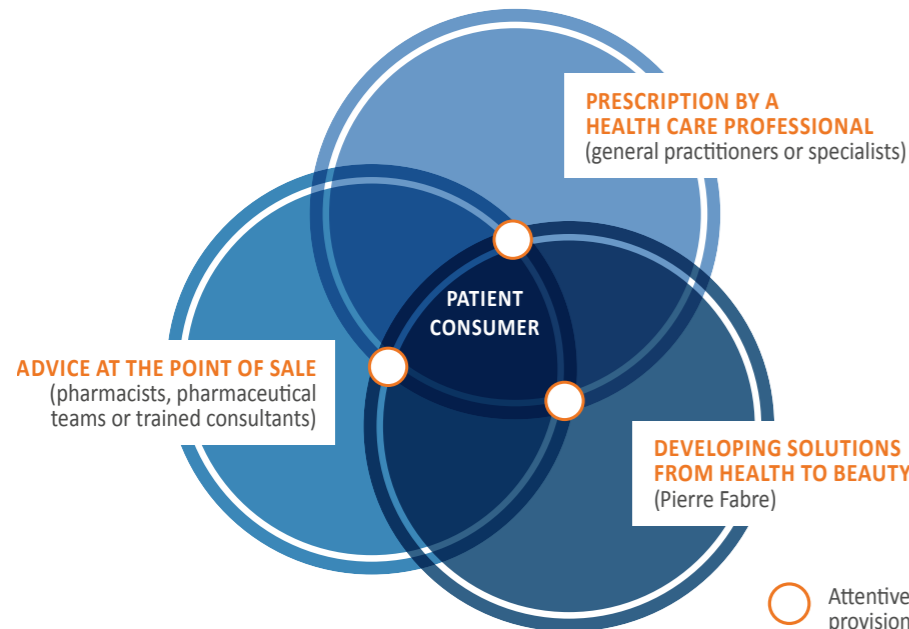
Whatever the extent of the disease or discomfort from which the patient or consumer is suffering, we consider it a health risk. Based on that principle, our vision is that everyone should benefit from advice and monitoring, where appropriate, by a health care professional: doctor, pharmacist, dental surgeon, midwife, podiatrist, nurse, etc. We believe that only health care professionals are in a position to identify the most suitable solution with patients for their pathology or needs.

Of course, we apply this vision to pharmaceuticals but we also apply it to dermo-cosmetic products, which we feel, in certain cases, should be recommended by a dermatologist and systematically prescribed by qualified individuals or people trained to give suitable advice.

### TRAINING AND INFORMATION

All health care professionals, in particular doctors and pharmacists, are involved in our research and receive regular information on our specialties.

We provide them with training tools and information in order to support them in their task of diagnosis, advice and therapeutic education. The Foundation for Atopic Dermatitis and Club Dermaweb are two significant examples of this.



## Prescription and advice in the e-health age



To meet the needs of patients and consumers, Pierre Fabre regularly organizes Hackathons, Chatbot Challenges and other events to invent the digital tools of the future. The Group is also developing tools that are part of the course of treatment.

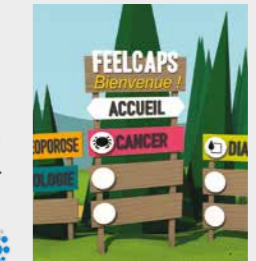
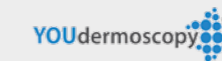
- Educational applications or platforms:

**SKINDIAG**, developed by Club Dermaweb, is the first mobile tele dermatology application for diagnostic support in dermatology for health care professionals. It can be used to optimize patient treatment and advice and to provide diagnostic and therapeutic support within 48 hours.

**Youdermoscopy** is a mobile and tablet app offering educational games for dermatologists interested in training themselves in dermoscopy. This app was developed in cooperation with Professor Giuseppe Argenziano, the Skin Cancer Unit, and thanks to the exclusive contribution of the Eau Thermale Avène brand.

**Feelcaps**, an educational, adaptable online platform developed by Pierre Fabre Pharmaceuticals, which raises patients' awareness of the importance of regular exercise for their health.

**I love my dentist:** Pierre Fabre Oral Care puts at the disposal of French dental surgeons a virtual coach in the form of e-learning to learn about the stress that may be felt by their patients. Thanks to Virtual Reality (VR), professionals can put themselves in the patient's shoes in just a few minutes.



- Three hackathons were organized to design innovative solutions for patient better-being in the areas of urology and acne.
- One Chatbot Challenge: in June 2017, Pierre Fabre organized a Chatbot Challenge for Health Care to help combat Malaria and Anemia in Africa: #HackMalaria. The participants, surrounded by professionals, were able to create one of these small interactive "robots" in Chat mode.
- One AI Health Challenge: during the 28<sup>th</sup> Health Communication Festival, Pierre Fabre Pharmaceuticals, with Microsoft and the firm Velvet Consulting, challenged thousands of artificial intelligence developers working in health-related applications in November 2017. For this initial event, the competition involved recognizing a melanoma from dermoscopic images of moles. The two winning teams will be welcomed into the Microsoft AI Factory at Station F.

# PREVENTION

## CONTRIBUTING TO PUBLIC HEALTH CHALLENGES

The comprehensive treatment of patients also requires informative, educational and preventive measures. In order to do this, we are developing programs that support the work of health care professionals. Our goal: to ensure that the health of patients suffering from severe or chronic pathologies is not worsened, and to help healthy individuals stay in good health.

### PREVENTING SKIN CANCER

The Eau Thermale Avène brand is committed to various actions throughout the world, grouped in a comprehensive "Avène Skin & Cancer" approach:

- Support for skin cancer screening action at European level via the Euromelanoma partnership, in France in partnership with the French trade union of dermatologists and venereologists, and even in Spain and Mexico
- In partnership with the European Skin Cancer Foundation, a foundation which aims to improve knowledge on skin cancers and to support research projects in this therapeutic field
- Creating websites dedicated to sun protection in Italy and Spain: [www.benvenutosole.it](http://www.benvenutosole.it) and [www.saludysol.es](http://www.saludysol.es)
- Production of a public-domain documentary, in Spain, on the public interest of sun protection to prevent skin cancer: "La Memoria a flor del piel," available on YouTube
- Educating children about sun protection, particularly in Turkey, using fun and educational materials

### SMOKING CESSATION

Committed to smoking cessation for over 20 years, Pierre Fabre Health Care is involved in public health actions that target the general public and health care professionals.

- Taking part in the World No Tobacco Day, via awareness-raising operations on stopping smoking, led in both French hospitals and pharmacies, for patients, hospital staff and pharmacy personnel
- Observational study in pharmacies over more than a year, aiming to assess the effectiveness of individual consultations on smoking cessation in pharmacies, and thus encourage the treatment of tobacco addiction in pharmacies.
- Performing a STOP study over one year in pharmacies in southwest France, with the objective of assessing the effectiveness of individual consultations in pharmacies on stopping smoking
- Organizing conferences on the subject of "women smoking" to encourage interdisciplinary discussions on the dangers and general management of smoking among women
- Providing tools (tests, brochures, CO analyzers) to help health care professionals raise awareness on smoking cessation among the general public

### PREVENTION IN ORAL CARE

Based on our unique experience in oral care, Pierre Fabre Oral Care is getting involved in awareness-raising and prevention actions. The objective is to raise awareness among the general public, and children in particular, on the rules of good oral hygiene and the importance of regular dental check-ups.

- In France, educational tools and applications are being developed to motivate children to brush their teeth and support is provided to numerous charities offering dental care to the poorest people.
- Creation of the "Oral Care Coach" and "Oral Care Kids" mobile apps in Switzerland
- Play written in Portugal and Bulgaria that is performed in schools and libraries to raise awareness about the importance of good oral care
- Participation in the national program in Singapore to raise awareness on oral hygiene for children under the age of 7, providing toothbrushes and toothpastes to all children in nursery school.
- In France, creation of the "Printemps du Sourire" (Spring of smile) operation in association with the UFSBD (French union for oral-dental health), action aiming to raise awareness among French people on the importance of good oral care and its impact on general health. As part of the 2018 "Printemps du Sourire", a survey was

conducted among 32,400 French people on their habits in terms of oral hygiene to assess their knowledge on the links between general health and oral health. The results showed an underestimation of the impact of periodontal diseases on general health and poor awareness of the warning signs for oral health (bleeding gums, change in breath odor).



### SIDE ONCO SKIN application

**SIDE ONCO SKIN** As part of the comprehensive "Avène Skin & Cancer" approach, the brand Eau Thermale Avène, in conjunction with major onco-dermatologists, has developed an app available on smartphones.

This app enables health care professionals (doctors, medical staff and pharmacists) to access the dermatological side effects of cancer treatments in real time. In this app, health care professionals can consult the dermatological symptoms and the main inducing molecules, but also case studies and quizzes to test their knowledge.

# AT THE HEART OF dermatology

In dermatology and dermo-pediatrics, we are innovating to provide patients, dermatologists, general practitioners and pharmacists with new treatments and specific educational and training tools.

- Provision of a portfolio of products covering the main dermatological conditions such as acne, fungal infections, psoriasis, atopic dermatitis and alopecia.
- Development and marketing of a major therapeutic treatment in infantile hemangioma.
- Creation and management of Dermaweb, a free website for dermatologists, pharmacists and dispensary staff, for training and information on dermatology
- Creation of a corporate foundation fully dedicated to the fight against eczema: the Foundation for Atopic Dermatitis

## INNOVATION

### ONCO-DERMATOLOGY

#### A PUBLIC HEALTH ISSUE

Skin cancer rates have risen steadily for 30 years. This has become a real public health issue, both in terms of prevention and therapy. We estimate that one in six people will develop a skin cancer in the future. The development of new treatments for managing these cancers, especially melanoma, which is the most dangerous form, has become a public health priority. With our proven expertise in both oncology and dermatology, onco-dermatology has become a natural, vital area for our research.

### 3 RESEARCH CENTERS

- Pierre Fabre Research and Development Center (Oncopole, Toulouse)
- Pierre Fabre Dermo-Cosmetic Research Center (Vigoulet)
- Skin Research Center (Hôtel-Dieu, Toulouse)

## SHARING

### INFANTILE HEMANGIOMA

#### A SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIP

Infantile hemangioma, which affects 10% of infants, is a benign tumor that appears in the first weeks of life. It can have major functional and esthetic consequences. In 2007, the Bordeaux teaching hospital discovered the efficacy of a molecule usually used in cardiology in the treatment of this illness. The hospital teams contacted Pierre Fabre Dermatology for the pharmaceutical, toxicological and clinical development of this drug in its new pediatric Dermatologie indication. Seven years after the start of this collaboration, in March and April 2014, the drug obtained two market authorizations, one for the U.S. and the other for the whole of the European Union.

## SUPPORT & PREVENTION

### THERAPEUTIC EDUCATION

#### A FOUNDATION DEDICATED TO ATOPIC DERMATITIS

Since 2006, the Foundation for Atopic Dermatitis, a corporate foundation created by Pierre Fabre Dermo-Cosmetics, has been contributing to the financing of treatment education projects for patients suffering from atopic dermatitis. It therefore works toward improving the knowledge of patients and parents of children with atopic conditions on the nature of the illness, its treatments, and its effects on the lives of patients and their families. The Foundation for Atopic Dermatitis wants to lessen the burden of this illness for patients and their loved ones. It has helped create and develop 40 Atopy Schools in Europe, Asia, and the Americas to develop treatment education. In addition, it develops and organizes educational initiatives and creates, produces and distributes information materials intended for practitioners, parents and children.

#### FIND OUT MORE

[www.fondation-dermatite-atopique.org/en](http://www.fondation-dermatite-atopique.org/en)

## INNOVATION

### IN DERMO-COSMETICS

#### SKIN EXPERTISE

As the inventors of dermo-cosmetics, we offer innovative skin care and hair care solutions following a sacrosanct principle: making beauty ethical. Our dermo-cosmetic researchers have developed undeniable expertise in the interlinked areas of dermatology and cosmetology. In close collaboration with the best international specialists, they conduct various clinical studies, thus helping develop new dermo-cosmetic concepts and building on knowledge of the skin. Our dermo-cosmetic care products are recommended by health care professionals and administered by staff trained in our ethical approach to beauty, thus guaranteeing individually tailored solutions.



## Dermaweb The voice of the skin



Dermaweb is a reference media for dermatologists, doctors and pharmacists involved in skin care and hair care. It offers all the tools

so they can feed and expand their knowledge, share their expertise and better understand the changes and issues of the practice of dermatology, today and tomorrow.

A non-promotional service, available throughout the world in five languages, Dermaweb now offers a summary of dermatological news, a rich database of images and case reports, videos with expert commentaries, training modules and knowledge-testing quizzes. It also includes online diagnostic assistance, an international community-based platform for sharing expertise and two mobile apps offering a genuinely helpful medical service for everyday use:

- Skin Drug by Dermaweb, the first app for identifying skin reactions attributable to medication, enriched with a database containing 2,079 INNs, 340 skin reactions and 741 known dermatological pathologies.
- Skin Diag by Dermaweb, a B2B tele-consultation service providing invaluable diagnostic and therapeutic coaching, available to all health care professionals.

Through the quality and richness of its content, through its governance, the expertise of its scientific committee composed of 19 renowned dermatologists and its rigorous editorial policy, Dermaweb has become a reference information source for more than 26,000 doctors and 9,000 pharmacists in France and throughout the world. Moreover, Dermaweb is recommended by many learned dermatological societies, and has been awarded many prizes.

#### FIND OUT MORE

[www.clubdermaweb.com/en](http://www.clubdermaweb.com/en)

## RESPONSIBILITY & CITIZENSHIP

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BEING CURIOUS ABOUT  
THE WORLD AROUND US

“  
THE SAME  
ADVENTURE  
WHICH ALLOWS US  
TO SHARE  
STRONG VALUES  
”

MR. PIERRE FABRE

DECEMBER 2009

# PEOPLE

PROVIDING MEANING TO WORK

Our Human Resources policy is rooted in the unfailing drive of Pierre Fabre to combine the company's economic project with a social one. This policy supports the business as it evolves, and its international development in particular, and allows employees, our company's most valuable asset, to grow.



**8.4%**  
OF THE COMPANY'S SHARE CAPITAL is held by employees



**84.2%**  
OF EMPLOYEES ARE SHAREHOLDERS in the 9 countries concerned by the plan



**6.74%**  
OF WORKERS WITH DISABILITIES in France

## CREATING DEVELOPMENT OPPORTUNITIES FOR OUR EMPLOYEES

The pharmaceutical and cosmetics industry is experiencing increasingly rapid economic, regulatory and technological changes that affect our organization and activities.

**Jobs and skills planning system:** to support these changes and because we are convinced that our employees are the driving force behind our performance, a new jobs and skills planning system agreement was signed with social partners in France in December 2016 and implemented in 2017. Its objectives are to support job changes and their content, taking into account those which are to be created, changed or eliminated; to adapt and strengthen employee skills, particularly through training; to promote internal mobility through specific measures, and to support employees in their career development process.

In terms of training, this guidance is conveyed particularly by a specific effort to support employees in their changes of roles. Based on needs and gaps in skills, an individual training response is provided to help employees better understand their new functions.

This dynamic approach has also been implemented abroad, through management of staffing and skills requirements in our subsidiaries, and anticipation of economic and regulatory conditions by area.

**Training:** in order to help employees enhance their command of their position and to develop skills that are essential for the future, the company has its own corporate university, in addition to a range of training options available. The major objective of the Pierre Fabre University is to plan for and support changes to business activities and organizations.

## SUPPORTING INTERNATIONAL DEVELOPMENT

To support our international development challenges, we have reorganized our HR teams both at the head office and locally, creating dedicated teams in our main subsidiaries: there are currently 16 "country" human resources managers. This HR segmentation has been built and driven around a common mission: to establish and sustain the Pierre Fabre model in each country where we are developing, in line with specific local conditions, and to identify and lead a pool of international talent.

**Remuneration and "Benefits & Compensation" policy:** to support international development, we make sure that we are familiar with the local employment markets and that we put in place a competitive pay policy that is suited to the different types of mobility and the constraints of the countries in which we operate.

## TO OFFER A SAFE AND SOUND WORKING ENVIRONMENT

Our company's mission, "caring for the human being as a whole," makes the health and safety of our employees our highest concern.

In order to do this, we take measures to reduce and prevent risks, especially chemical, mechanical and psychosocial risks linked to noise, the ergonomics of workstations and road risks.

We also ensure that adequate safety measures have been put in place for employees traveling abroad.



## The values at the heart of corporate culture



- INDEPENDENCE
- PHARMACEUTICAL PRECISION
- COHESION
- A HUMANIST APPROACH
- INNOVATION
- ENVIRONMENTAL FRIENDLINESS
- ATTENTIVENESS IN THE FIELD
- ENTHUSIASTIC ENTREPRENEURSHIP
- PERFORMANCE RECOGNITION

The Pierre Fabre culture is built on nine strong values shared by all members of the company. These values, directly inherited from the humanist and entrepreneurial spirit of our founder, shine through on a daily basis in our collective practices and our individual actions.

We promote these values among new employees and in all regions where the company operates, particularly through the training program "Culture & Avenir" [Culture & Future]. Combined with our business model, our values make work meaningful, and make Pierre Fabre Laboratories an employer of choice.

### OHSAS 18001 CERTIFIED SITES

We have chosen to obtain certification according to the OHSAS 18001 standard for our two main production sites for active ingredients, in Gaillac (Tarn) and in Virrey del Pino (Argentina), as well as at our Skin Research Center at Hôtel-Dieu (Toulouse), where we carry out clinical studies.

This occupational health and safety management system helps to ensure a structured approach, focused on the principle of continuous improvement, and demonstrates our commitment to sites presenting significant potential risks or risks concerning voluntary participants in our clinical studies.

[FIND OUT MORE](http://www.pierre-fabre.com/en/join-us)

[www.pierre-fabre.com/en/join-us](http://www.pierre-fabre.com/en/join-us)

IN 2017



183

YOUNG PEOPLE  
in work/study  
training programs



5,636

EMPLOYEES  
have attended  
a training course



179,185

HOURS OF TRAINING  
given

**AN ACTIVE INTERNATIONAL ACADEMIC PARTNERSHIP POLICY**

For many years now, Pierre Fabre Laboratories has been implementing an active policy promoting relations with schools and universities in our home region and we are currently developing these relations throughout the world. Due to the diversity of our activities and the wealth of our business areas, we are taking action at all training levels, with high schools, universities and prestigious engineering schools.

The interlinked collaboration between Pierre Fabre Laboratories and the schools and universities can take several forms:

- Regularly taking part in recruitment drives and selection panels
- Participating in events on campuses to present the company and its business areas
- Involving company managers in teaching, at conferences or round-tables
- Helping create degree programs
- Creating teaching chairs
- Funding student scholarships
- Welcoming young students during internships or work/study training programs
- Conducting company projects and site visits

**PROGRAMS OF EXCELLENCE FOR YOUNG GRADUATES, SPRINGBOARD FOR AN INTERNATIONAL CAREER**

To attract young talent, Pierre Fabre is offering a range of programs and measures with an international dimension.

**Excellence Marketing program**

In partnership with the Toulouse Business School, this program, leading to a diploma, is designed to train Product Managers with high international potential. These young graduates from all continents then join the company within the marketing teams in a subsidiary or in the corporate teams. We have also opened up this excellence in marketing program to talent coming from our international subsidiaries to help their integration and quick immersion into the culture and methods of the Group.

**VIE (Volunteer for International Experience)**

Each year, more than forty young graduates join Pierre Fabre Laboratories for a 12-24-month assignment to be trained in various positions such as product manager, management controller, logistics project manager, etc. The VIE program is a real opening to the international arena, and



provides the opportunity to reveal the potential of young graduates hoping for an international career.

**Pierre Fabre International Graduate Program**

To offer high-potential young talent an innovative, appealing career, the Pierre Fabre Group launched its first International Graduate Program in 2015. This program is a real pathway to excellence and a career booster, and aims to offer unique international experience to our future managers. This program offers an 18-24-month immersion course in various company departments, alternating between France and abroad, with operational assignments and strategic project management. The aim is to understand the Group's culture and operations before joining a subsidiary at the end of the program.

**A COMMITMENT TO ACADEMIC RESEARCH ON OUR CORE BUSINESS**

The "Supply Chain Agile" chair at the École des Mines in Albi: in April 2016, Pierre Fabre and the École des Mines d'Albi created a corporate chair on agility in supply chains. Each chair gives our managers the opportunity to develop their skills through specific exchanges and training programs. This chair is both the result of over 15 years of collaboration between the school and the company and the creation of dynamic cooperation, which is a vector for future innovation in an area of excellence for both partners. Aiming to accelerate the dynamics between the industrial and academic worlds, the Chair aims to encourage engineers and PhD students to carry out applied research, particularly on real Group situations, to ultimately develop new concepts and tools that may improve the agility of our supply chain.

FIND OUT MORE

[www.pierre-fabre.com/en/join-us/students-and-recent-graduates](http://www.pierre-fabre.com/en/join-us/students-and-recent-graduates)

ZOOM

Happy Trainees

**Students in work/study training programs or internships with Pierre Fabre recommend the company**

During the latest "Happy Trainees" survey conducted by the independent site choosemycompany.com, 189 students in work/study training programs or internships with Pierre Fabre assessed the Pierre Fabre Group via a questionnaire composed of 18 questions on six areas (career progression, stimulating environment, management, motivation, pride and fun).

In the end, the Pierre Fabre Group scored a grade of 4.08 out of 5 in the 2017 classification and therefore once again won the "Happy Trainees" label for the 5<sup>th</sup> year in a row. The "Happy Trainees" label awards the Pierre Fabre Group's dynamic policy in support of young graduates.



# REGIONS

CONTRIBUTING TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF OUR REGIONS

It is a shared story, a story of places and people, but also a way of claiming our identity and taking pride in our differences: the Pierre Fabre Group has always shown willingness to share our developments with the regions in which we operate and, more specifically, our native land.



**No. 1**  
EMPLOYER  
IN THE TARN



**1 of the 3**  
LEADING PRIVATE  
EMPLOYERS  
in Occitanie



**259**  
MILLION EUROS INVESTED  
in greater southwestern  
France between 2016  
and 2018



**70%**  
OF OUR PURCHASES  
come from French  
companies

## TARN & OCCITANIE, OUR NATIVE LANDS

Our company wishes to contribute to impacting the regions where we operate and share its development with the local communities. We support various projects, particularly in the Occitanie region.

### ECONOMY

**Tarn Entreprendre:** association for helping new companies, created in 1997 at the initiative of Pierre Fabre.

**Installation of a high-speed network for southern Tarn:** The Group is the founding shareholder of the mixed economy company, Intermédiasud.

**Cancer-Bio-Health competitiveness cluster** in Toulouse

**Supporting the Tarn economy** by encouraging our suppliers and partners to operate in our home region.

### EDUCATION

**Partnerships with the education system:** regional schools and universities to develop training

programs, contribute to land-use planning and encourage the professional integration of young people.

**Sponsorship:** we support several foundations ("Dépêche du Midi" [regional newspaper], "Cordées de la réussite" [Roped together for success], "Un avenir ensemble" [A future together]). These three organizations mainly support sponsorship projects to support young people from modest backgrounds in their educational and professional careers.

### CULTURE AND HERITAGE

**Supporting several museums** (the Goya Museum, the Toulouse-Lautrec Museum and the Dom Robert Museum) and the Abbey School of Sorèze (educational and cultural space, where Pierre Fabre has set up the Pierre Fabre University).

### SPORT

We support various athletic associations in the Tarn and we are the main partners of Castres Olympique, a French rugby team playing in the national league.

FIND OUT MORE

[www.pierre-fabre.com/en/people-and-territories](http://www.pierre-fabre.com/en/people-and-territories)



## OUR SUPPLY CHAINS

FAIR TRADE, SUPPORTIVE AND ACCOUNTABLE SOURCING



RENÉ  
FURTERER  
PARIS

### ETHICAL SHEA BUTTER FROM BURKINA FASO - RENÉ FURTERER

Founded in 2004, SOTOKACC, a small business based in Toussiana (Burkina Faso), through which our René Furterer brand obtains its shea butter, provides not only regular income and social autonomy for its 25 female employees (at the end of 2016), but also for over 1,500 women who produce and harvest the nuts.

Our supply contract with this small business is set for five years, with a pre-financed 100% Shea butter order.

In 2015, the René Furterer brand funded a socio-economic impact study by the firm UTOPIES. The aim was to assess the impact of René Furterer procuring shea butter on the number of direct, indirect and spin-off jobs created in Burkina Faso. The total ethical shea butter production activities of SOTOKACC in 2014 sustained 192 jobs in Burkina Faso.

This supplier is fair trade-certified.



### MORINGA IN MADAGASCAR - RENÉ FURTERER

René Furterer is working on several major projects in Madagascar. First of all, economic and ecological missions, by providing technical support for farmers: improving yields, teaching good farming practices, crop diversification, etc. Another of René Furterer's core missions will focus on fighting malnutrition: farmers are educated on the benefits of growing fruit trees and Moringa oleifera and using its leaves as vegetables, rich in vitamins and minerals. The organic Moringa supply chain used by René Furterer is managed by our Madagascar subsidiary, with a label based on the Ecocert For Life standard for its Corporate Social Responsibility policy.



LABORATOIRES  
**KLORANE**  
L'ÂME BOTANIQUE

### THE DESERT DATE PALM IN SENEGAL - KLORANE

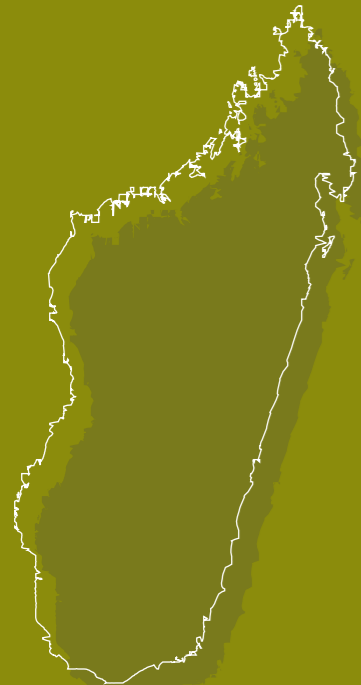
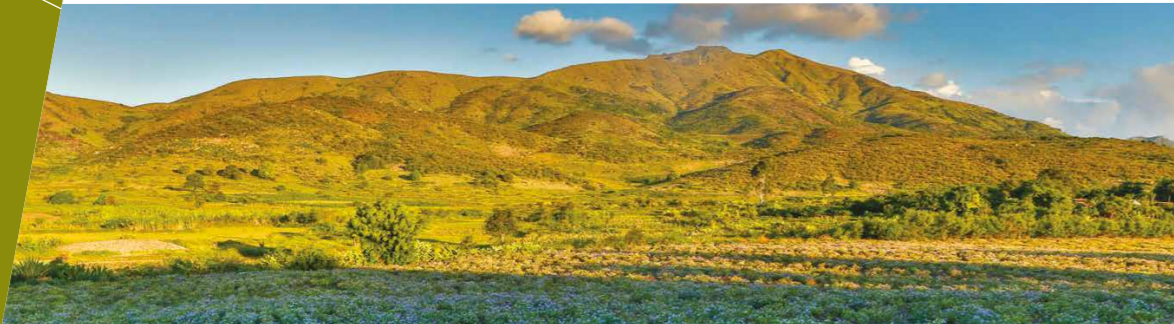
The Baobab des Saveurs company in Thiès, Senegal provides us with dates from the desert date palm. To collect the dates, Baobab des Saveurs works with five groups of women in the municipality of Gawane, 20 km from Bambey. These groups include 171 women of all ages, who collect only from an area which is certified organic. The Klorane Botanical Foundation, a Corporate Foundation, supports the Great Green Wall program, which aims to slow down desertification in the Sahel by planting desert date trees: 60,000 planted in Senegal in six years. This supplier is fair trade-certified.



# AT THE HEART OF MADAGASCAR

Actions taken by our subsidiary in Madagascar for over 40 years demonstrate the Group's overall approach to social responsibility.

Looking back on actions taken via the five pillars of our CSR approach.



## Governance & Ethics

1

Our subsidiary is labeled in accordance with the Ecocert For Life standard for its Corporate Social Responsibility policy.

*\*Ecocert: Independent inspection and certification organization*



## Innovation & Health/Beauty

2

We are helping fight against malnutrition affecting children in Madagascar by paying 5% of our sales from the Centella Asiatica leaf to the National Office for Nutrition, so they can develop social projects. In addition, the Pierre Fabre Foundation contributed to renovating the Ranopiso maternity ward based on a proposal from our subsidiary and the construction of a health care center based in Ambovombe.



## People & Regions

3

An independent firm, Utopies, assessed the socio-economic impact of our subsidiary. The results show a significant effect on local employment with over 1,000 jobs supported. One job created by our subsidiary generates 27 additional jobs on the island.

## Knowledge & Nature Conservation

4

Our 200 hectares of farmland and the Ranopiso Arboretum have Ecocert organic farming certification\*. We also decided to create a 138-hectare nature reserve on our land to protect and list the species endemic to southern Madagascar. This natural reserve was recognized in January 2018 as the leading voluntary private protected area by the government of Madagascar.



## Ecodesign & Industrial Footprint

5

Its contribution to the national reforestation operation "One child = one tree planted," as well as the planting of 80,000 trees in late 2017 by our employees to make up for the carbon footprint generated by manufacturing our cancer drugs (made using tropical periwinkle, mainly grown in Madagascar), earned the subsidiary the Ecocert\* "Reforestation and Solidarity" label.



# NATURE

## PRESERVING BIODIVERSITY AND SHARING OUR KNOWLEDGE

Because biodiversity plays a crucial role in maintaining natural balances and provides many services to humanity, particularly in the fields of health and beauty, its preservation is a major concern for our Group.



**350**  
PROTECTED SPECIES  
at the Ranopiso Arboretum  
in Madagascar



**over 500**  
VISITORS AND HEALTH  
CARE PROFESSIONALS  
welcomed each year  
at the Water Laboratory

### SHARING KNOWLEDGE

In order to preserve and use nature's treasures sustainably, it is first of all crucial to have good knowledge of them. Pierre Fabre Laboratories is convinced of this, so our researchers and experts are behind various initiatives for developing and sharing knowledge about plants and spring waters, particularly through exchanges with expert scientific institutions and local associations. The company has also created structures dedicated to developing knowledge on natural substances: the Water Laboratory and the Pierre Fabre Botanical Conservatory.

At the foot of the Cévennes, the Water Laboratory was created to protect and better understand the therapeutic value of Avène thermal spring water. This experimentation site shares its knowledge and discoveries on Avène water and its soothing, anti-irritating and healing properties, and more widely on water, particularly through communications intended for scientists or the general public. In Soual in the Tarn, we created the Pierre Fabre Botanical Conservatory in 2001, dedicated to research, protection and conservation. Nearly 700 plant species are represented, of which 30%

are protected. In 2010, it became the 4<sup>th</sup> largest French scientific institution and the 1<sup>st</sup> private French organization to obtain approval from CITES\*. In 2012, its herbarium received international recognition from the New York Botanical Garden.

\*CITES: Convention on International Trade in Endangered Species



Klorane Botanical Foundation, founded in 1994, is a corporate foundation of the Pierre Fabre Group. For over 20 years, it has been sowing the seeds of botanical passion all over the world.

The Foundation's commitment to promoting our plant heritage is rooted in three specific missions:

- PROTECT endangered plants,
- EXPLORE botanical treasures to find out more about them and protect them,
- EDUCATE by spreading botanical knowledge as widely as possible, especially to children.

Through our commitment in various innovative programs (Great Green Wall in Senegal, Protection of the forest in the Amazon region and Comoros by sustainably growing Cupuaçu and Ylang Ylang, UNESCO Green Citizens, Botany for Change, etc.), Klorane Botanical Foundation is restoring plants to their rightful place in our lives and our cities.



FIND OUT MORE

[www.kloranebotanical.foundation](http://www.kloranebotanical.foundation)

Over 170,000 trees planted since 2007

In 2008

MOROCCO

**4,000**

In partnership with the Mohammed VI Foundation, 13 hectares have been planted at the edge of the desert in Essaouira. Today they are maintained by the Directorate for water and forests.

ARGAN TREES



Since 2012

SENEGAL

Trees against the desert  
**70,000**

These plantations created as part of the Great Green Wall project aim to fight against the desertification of the Sahel and the consequences on its inhabitants.

DESERT DATE TREES



Since 2013

MALI

**3,347**

By taking part in the Zanbal acacia-planting project, our Ducray brand offsets 100% of its greenhouse gas emissions associated with the manufacture of its "Extra-Doux" (Extra-Gentle) shampoo.

ACACIAS



Since 2014

FRANCE

**3.176 km**

Committed to the Carbone Local program and through planting hedgerows, our A-DERMA brand is gradually offsetting the equivalent of 120 metric tons of CO<sub>2</sub> per year, i.e. the annual manufacture and marketing of the Exomega range.

HEDGEROWS



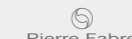
Since 2014

MADAGASCAR

**80,500**

This project, labeled "Reforestation and Solidarity" by Ecocert, helps in the national fight against deforestation and improving food security by planting fruit trees.

MORINGAS  
BAOBABS



Since 2007

GREECE & ITALY

**11,000**

Following the devastating fires in the Peloponnese, the Klorane Botanical Foundation took the initiative to rescue the region by planting 10,000 olive trees. Since then, these trees have flourished and are generating lots of activity, to the great joy of the inhabitants.

OLIVE TREES



# ENVIRONMENT

## CONTROLLING THE IMPACT OF OUR ACTIVITIES

Aware of its environmental footprint related to its economic and industrial activity, the company has implemented measures, throughout the entire logistics chain, from purchasing raw materials to the distribution of products, in order to reduce pollution and preserve resources.



**26,000 m<sup>2</sup>**  
OF INDUSTRIAL BUILDINGS  
integrated into the High Environmental Quality<sup>®</sup> experiment



**200**  
HECTARES CULTIVATED  
IN THE TARN  
in accordance with organic farming standards, certified High Environmental Value



**12**  
GREEN CHEMISTRY PRINCIPLES  
systematically applied when developing new processes at the Gaillac plant

### ENVIRONMENTAL MANAGEMENT

Our environmental strategy is based on two issues: saving resources and limiting discharges (water, air, waste) from design to the end of the product's life cycle. This strategy is integrated into a global management system dedicated to health, safety and the environment. To determine suitable environmental action plans, we use assessment tools such as carbon analysis, analysis of product life cycles and energy diagnostics.

### HIGH ENVIRONMENTAL QUALITY<sup>®</sup>

The "High Environmental Quality<sup>®</sup>" (HQE<sup>®</sup>) approach is based on reducing a building's impact on the environment and optimizing the living environment for the comfort and health of users. An operations management system (quality system) and 14 targets are therefore used to determine the Environmental Quality of a building (e.g.: energy management, acoustic comfort, etc.).

The company is performing experimental HQE<sup>®</sup> operations for its three latest industrial investments: extension of the dermo-cosmetics plant in Soual (Tarn), extension of the Avène plant (Hérault) and construction of the antibody biotechnology unit in Saint-Julien-en-Genevois (Haute-Savoie).

### ISO 14001 CERTIFICATION PROCESS

The ISO 14001 certification process is an environmental management system. It is being rolled out at the active ingredient production sites in Gaillac (Tarn), Palézieux (Switzerland) and Virrey del Pino (Argentina) as well as at the pharmaceutical production site in Pau (Pyrénées-Atlantiques) and the dermo-cosmetics production sites in Soual (Tarn) and Avène (Hérault). It is used to guarantee a structured approach based on the principle of continuous improvement. To date, 100% of our chemical activities are covered, as well

as two of the Group's largest industrial sites. Our ambition is to continue to develop this certification at other Group industrial sites.

### ECODESIGN IN PRACTICE

Throughout the life cycle of Pierre Fabre products, from the purchase of raw materials and production to being placed on the market and their use, the Group ensures that our actions fit in with respect for our suppliers and reduce our impact on the environment.

To do so, the Group conducts ecodesign projects aiming to reduce the environmental footprint of our products compared to previous products or other offers on the market.

FIND OUT MORE

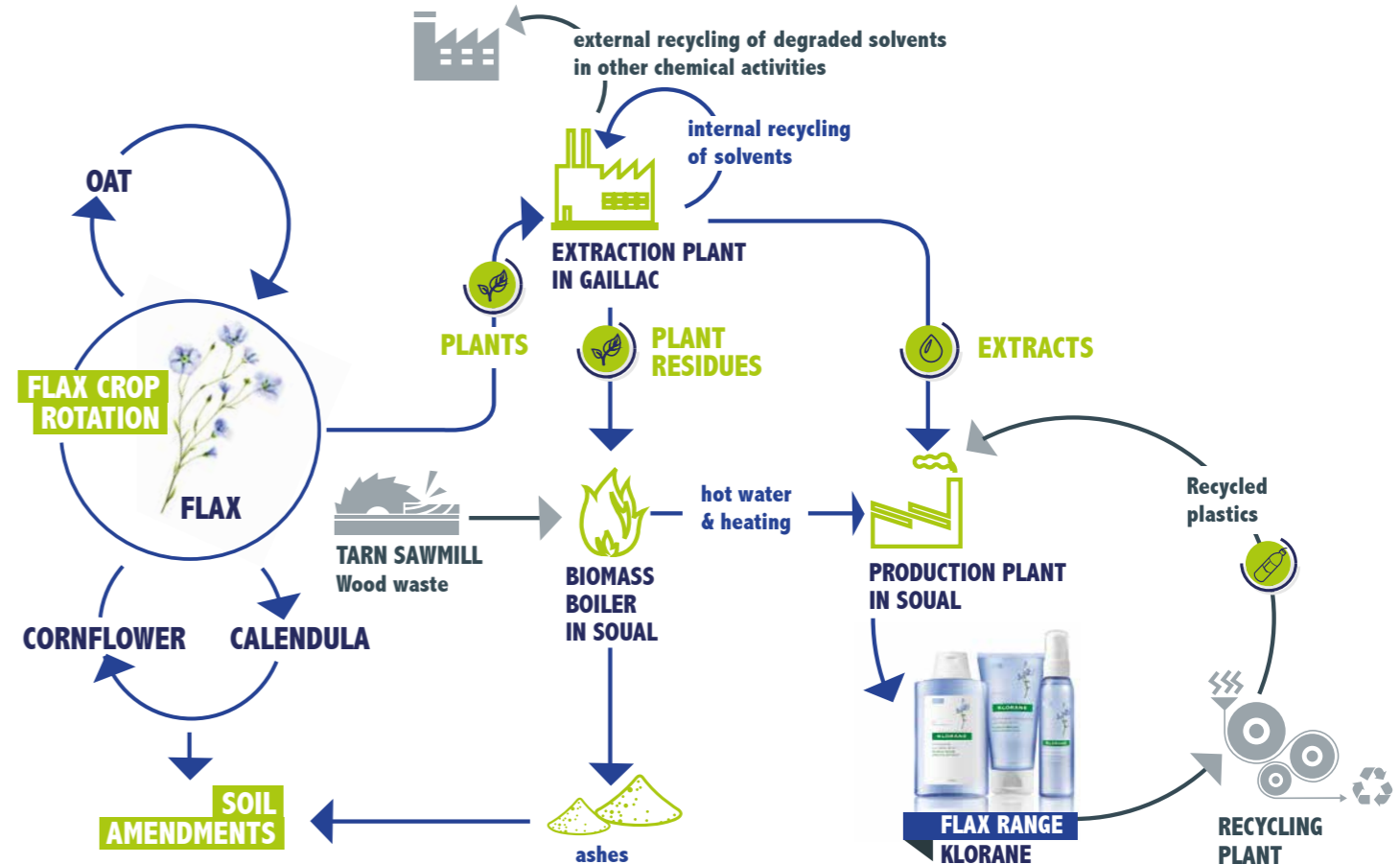
[www.pierre-fabre.com/en/sustainable-development](http://www.pierre-fabre.com/en/sustainable-development)



### THE CIRCULAR ECONOMY

The Pierre Fabre Dermo-Cosmetics plant in Soual (Tarn) is now equipped with a biomass boiler, destined to annually recycle 1,000 metric tons of plant residue from the extraction of two medicinal plants – tropical periwinkle and dwarf palm from Florida – and Rhealba<sup>®</sup> Oat, used by the A-Derma dermo-cosmetics brand. This residue is produced in Gaillac (Tarn), around 50 km from Soual, by the Pierre Fabre Pharmaceuticals plant, which specializes in the extraction of natural pharmaceutical and dermo-cosmetic active ingredients from plants. The residue, combined with woodchips, waste from the

Tarn forestry industry, is used to supply the biomass boiler (which was made in France). Ultimately, the boiler will enable 60% of the plant's total natural gas consumption to be replaced by renewable energies and reduce its carbon footprint by 1,600 metric tons of CO<sub>2</sub> (i.e. 5% of the site's annual carbon footprint). In 2017, studies will be conducted on the feasibility of spreading ashes from the combustion of plant residue on the fields of Rhealba<sup>®</sup> Oat, which are also located in the Tarn and are farmed in accordance with organic farming principles.



# AT THE HEART OF BOTANICAL EXPERTISE

Pierre Fabre

A primary source of inspiration for Pierre Fabre Laboratories, the plant world is an endless but delicate source of creativity. Wanting to play its part in contributing to the challenges related to biodiversity loss while meeting the goals of innovation, safeguarding supplies and the quality of active plant ingredients, Pierre Fabre Laboratories has developed a responsible cross-functional approach across the Group called Botanical Expertise Pierre Fabre, which is EFQM\* certified.

## A CERTIFIED APPROACH FOR THE RESPONSIBLE DEVELOPMENT OF INNOVATIVE, SAFE AND EFFECTIVE PLANT-BASED ACTIVE INGREDIENTS

Botanical Expertise Pierre Fabre is the name given to our approach to the responsible development of plant-based active ingredients, from research on plants – and their active ingredients – to the production of active ingredients, their use in the formulas of our products and their cultivation. This development is part of a virtuous circle aiming to develop innovation, preserve biodiversity, guarantee the efficacy and quality of our plant-based active ingredients and respect our partners throughout the entire chain. Since 2010, the approach has been recognized by the European label EFQM\* awarded in France by the AFNOR group. A label combining Quality and Sustainable Development.

\*European Foundation for Quality Management

The Botanical Expertise Pierre Fabre approach is based on four founding principles: innovate, preserve, guarantee and respect. These principles give structure to the development of our plant-based active ingredients.

Of the 427 plant extracts used by Pierre Fabre Laboratories, over 282 are included in the Botanical Expertise Pierre Fabre approach, including those used to develop the Group's emblematic products and brands: Navelbine® and Javior® (oncology), Permixon® (urology), A-Derma, Ducray, René Furterer, Klorane (dermo-cosmetics) and Naturactive (natural health care).

### PLANTS AT THE CORE OF THE GROUP'S MANY PRODUCTS

Rhealba® Oat >>> A-Derma

Tropical periwinkle >>> Navelbine® and Javior®

Serenoa repens >>> Permixon

Flax >>> Klorane hair care range

Shea >>> René Furterer hair care range

Ruscus >>> Cyclo 3 - Naturactive

Myrtle >>> Keracnyl range - Ducray

Elgydium range >>> Pierre Fabre Oral Care



BOTANICAL EXPERTISE Pierre Fabre

## THE FOUR FOUNDING PRINCIPLES OF THE APPROACH

### Preserve

Sustainable preservation of botanical heritage and biodiversity, both sources of benefits – whether known or yet to be discovered – for everyone's health and beauty.

### Guarantee

Scientifically proven effectiveness of our plant-based active ingredients, combined with high standards of quality and safety resulting from our pharmaceutical culture.

### Respect

An approach that respects our partner farmers, growers and suppliers, contributing to the sustainable development of our sourcing regions and their communities.

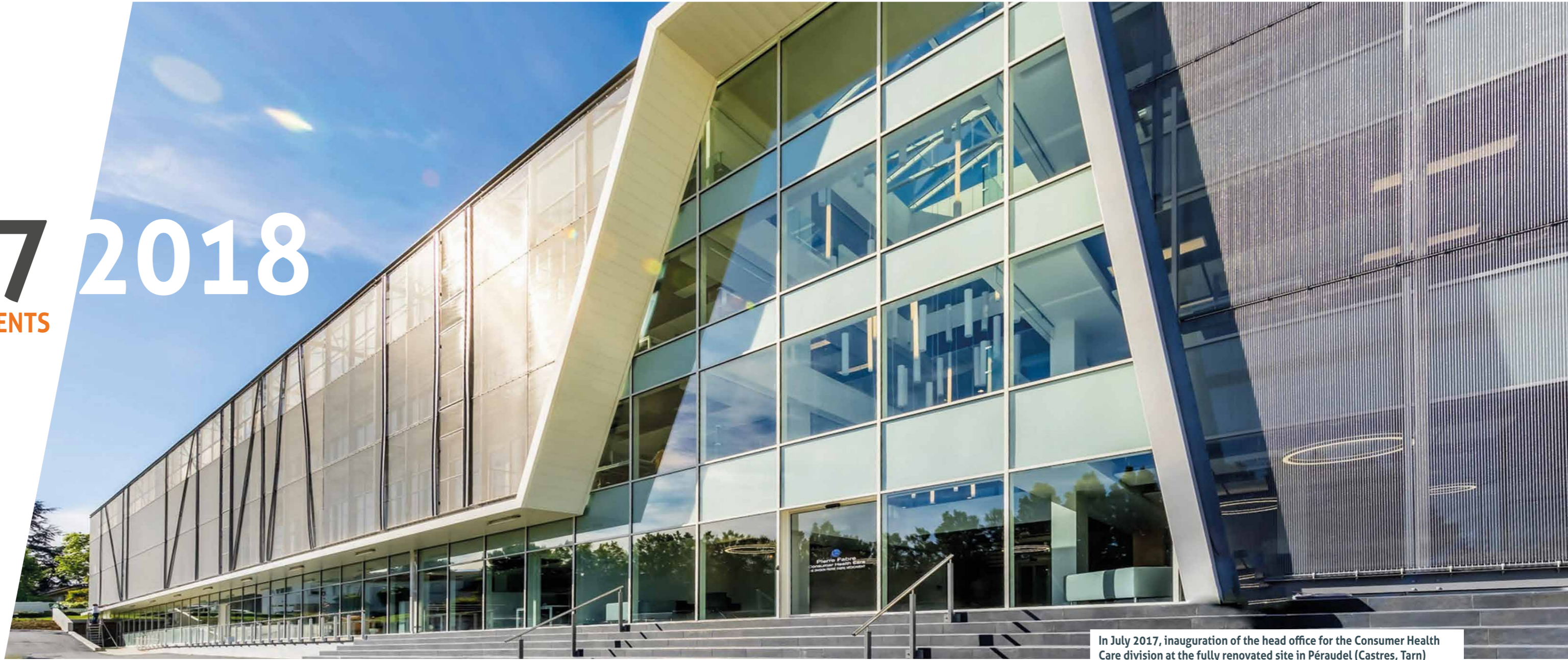
### Innovate

Cutting-edge research on plants, bringing together the complementary expertise of botanists, agronomists, biologists and pharmacists who are passionate about the benefits of the plant world.



# 2017 2018

EVENTS



In July 2017, inauguration of the head office for the Consumer Health Care division at the fully renovated site in Péraudel (Castres, Tarn)

# HIGHLIGHTS

2017-2018

## Pierre Fabre

FEBRUARY 2018

### 3 AWARD-WINNING PROJECTS AT THE 28<sup>TH</sup> HEALTH COMMUNICATION FESTIVAL

The Foundation for Atopic Dermatitis received the silver award in the "medical communication" category for its web series "l'eczéma de Lola" [Lola's Eczema]. DUCRAY Dermatological Laboratories received the silver award in the "general public service and product communication" category with Dermocontrol by DUCRAY, a mobile app for coping better with eczema. Pierre Fabre Health Care received the silver award in the corporate communication category for setting up the ENT challenge based on brainstorming by Pierre Fabre employees from all over the world, for the development of innovative future solutions.

NOVEMBER 2017

### ARTIFICIAL INTELLIGENCE FOR HEALTH CARE

During the 28<sup>th</sup> Health Communication Festival, which took place in November 2017, Pierre Fabre Pharmaceuticals, in association with Microsoft and the consulting firm Velvet Consulting, set a challenge for the best artificial intelligence developers working on health applications. For this initial event, the competition involved recognizing a melanoma from dermoscopic images of moles. In order to achieve this, all participants had access to thousands of images and the Microsoft Azure platform. During the two days, they benefited from continuous mentoring supervised by Pierre Fabre data scientists, as well as Microsoft and Velvet Consulting experts. The two winning teams were welcomed into the Microsoft AI Factory at Station F.

DECEMBER 08, 2017

### THE PIERRE FABRE FOUNDATION SUPPORTS DR. MUKWEGE, "THE MAN WHO MENDS WOMEN"

The Pierre Fabre Foundation has decided to support the work of Dr. Denis Mukwege, a gynecological surgeon known across the world for the corrective surgery he performs on women who are the victims of sexual violence in the Democratic Republic of the Congo. In virtual impunity, numerous armed groups perpetrate acts of extreme violence against the civil population and in particular against the women of this country. This support responds to one of the missions that the Pierre Fabre Foundation has set itself: to promote access to treatment for populations facing situations of extreme crisis.



Dr. Denis Mukwege and Pierre-Yves Revol, Chair of the Pierre Fabre Foundation

MARCH 03, 2017

### PIERRE FABRE GROUP UPDATES ITS EMPLOYER BRANDING

In order to address the major challenge of attracting and keeping new talent, the Group has looked into candidates' new expectations, in particular the new generations, who are particularly engaged and looking for meaning. In keeping with these new requirements, the Pierre Fabre employer brand global strategy has been redesigned based on several concepts that are in line with these new expectations: humanism, harmony with nature, straight talking, proximity and accessibility of the message. The new employer image is built on an original signature, "True to my nature," and three founding principles: Caring, a vocation; Undertaking, a state of mind; Respecting, self-explanatory.

NOVEMBER 10-12, 2017

### PIERRE FABRE GROUP AND ITS BRANDS PRESENT AT MIF EXPO, THE ANNUAL EVENT FOR ALL THAT IS "MADE IN FRANCE"



For the first time, our group took part in MIF Expo, the trade show dedicated to all things "Made in France" organized in November in Paris, with nearly 60,000 visitors.

Visitors came to meet our employees at the Pierre Fabre stand and were able to discover or rediscover the Group brands and new releases. Several events were proposed, in particular a virtual tour of various Group sites, including the research & development and production sites. It was a way for visitors to learn about where the Pierre Fabre products are made. A "texture" workshop revealed the pharmaceutical formulation of our products. A conference on the theme "Regional attachment, an asset for developing the circular economy" also brought together around one hundred people.

JULY 2017

### A FIRST IN FRANCE: A CHATBOT CHALLENGE IN THE AREA OF HEALTH CARE

What if a Chatbot – or small conversational robot – could help fight malaria in Africa? This was the challenge launched by the Group in July 2017, with the first "ChatBot Challenge for Health Care."

Organized with the collaboration of startups specialized in designing innovative solutions, this chatbot challenge took place as part of the e-Health Summer University in Castres. Two teams were awarded: the PaluPlay team won with its "PaluBot" project, a chatbox developed for teachers in rural areas in sub-Saharan Africa to raise awareness among groups of students on the right actions to take to prevent malaria, in the form of a game. The second project awarded, "Malaria Aide", is a chatbot to collect malaria case information from health care professionals and make a database enabling NGOs, insurers and laboratories to measure the progression of epidemics.



JULY 2017

### INAUGURATION OF THE HEAD OFFICE FOR THE CONSUMER HEALTH CARE DIVISION AT THE SITE IN PÉRAUDEL



The Group inaugurated its fully renovated site in Péraudel (Castres, Tarn). This historic site, which was acquired by Mr. Pierre Fabre in 1962 when the Group was created, now hosts the Consumer Health Care division, responsible for products relating to consumer health care, oral care and natural health (phytotherapy and aromatherapy).

The renovation, which required an investment of €12 million, attests to the Group's historical presence in Castres. In addition to dermo-cosmetics, dermatology Rx, pharmaceuticals and oncology, the consumer health care activity is a strategic priority for the group, both in France, where Pierre Fabre is the laboratory leader for OTC drugs sold in pharmacies, and on an international level, which represents 60% of revenues.

## Pharmaceuticals

MARCH 29, 2018

### NATURAL FRAGMENT LIBRARY

In a new open innovation initiative, the Pierre Fabre Group is signing an international partnership with NovAliX to combine the Group's Natural Fragment Library with biophysics methods and screening techniques developed by NovAliX.

NovAliX is specialized in research and development for pharmaceuticals and the use of biophysics for screening and characterization. This partnership will enable NovAliX to offer its customers access to plant fragments from the Group's collection as part of its screening campaigns.



OCTOBER 20, 2017

### INNOVATIVE PARTNER IN IMMUNO-ONCOLOGY WITH THE CURIE INSTITUTE

The Curie Institute and the Pierre Fabre Research Institute are working together on new treatment strategies to improve cancer treatments for patients. The objective of this new partnership is to analyze the biology of new identifiable therapeutic targets and assess the impact of innovative pharmacological approaches using biological models from the Curie Institute as a basis.

MARCH 2018

## SMILE FOR ALL: FIGHTING AGAINST WASTE AND GIVING A SECOND LIFE TO PRODUCTS



Committed to the fight against waste, Pierre Fabre Oral Care launched the "Smile for All" operation in 2017 in partnership with Phenix, a start-up that supports responsible companies in a circular economy approach by providing a solution to their problems of waste reduction and waste recovery.

The brand has donated 69,621 products to 10 local associations in Occitanie for a value of more than €22,000. A total of 3,700 smiles restored!

MARCH 2018

## 50 YEARS OF ELUDRIL

Pierre Fabre Oral Care is celebrating the 50<sup>th</sup> anniversary of the ELUDRIL brand, whose renowned mouthwash was marketed for the first time in 1968. In the 1960s, Mr. Pierre Fabre, a visionary man, formulated an antiseptic medicated solution in the form of a mouthwash. This marked the birth of the Eludril brand, symbol of a new market segment: antiseptic medicated mouthwashes.



JANUARY 11, 2018

### GLOBAL LICENSE AGREEMENT WITH BOSTON PHARMACEUTICALS

Pierre Fabre granted Boston Pharmaceuticals the exclusive global rights for the development, production and commercialization of a molecule under advanced pre-clinical development, intended to treat atrial fibrillation.

DECEMBER 07, 2017

### START OF THE FIRST CLINICAL TRIAL OF A MONOCLONAL ANTIBODY, W0101, IN PATIENTS WITH SOLID TUMORS

Launch of an international phase I/II clinical study aiming to assess an antibody conjugate (ADC) from Pierre Fabre research, for patients with recurrent or refractory solid tumors.

OCTOBER 27, 2017

### PIERRE FABRE HEALTH CARE COUNTS ON THE GROUP'S EMPLOYEES TO BOOST ITS INNOVATION CAPACITY

As part of the Group's Open Innovation strategy, Pierre Fabre Oral Care invited all Group employees to provide feedback on the unexplored benefits of future ENT products, targeting two pathologies in particular: coughs and sore throats. Based on a 100% digital approach to encourage the participation of all employees, Pierre Fabre Health Care collected all the contributions via a collaborative platform. Ninety-two original suggestions were chosen from nineteen countries. Fifteen concepts are being studied.



MARCH 13, 2018

68% OF RESPONDENTS CONSIDER THEMSELVES IN GOOD ORAL HEALTH

YET

76% OF THEM HAVE GUMS THAT BLEED REGULARLY WHEN BRUSHING

## THE FRENCH AND THEIR GUM HEALTH: A PIERRE FABRE ORAL CARE AND UFSBD\* SURVEY

The survey "The French and their gum health" was conducted among 32,421 French people from December 8, 2017 to January 20, 2018. The results revealed that French people have poor knowledge of the links between oral health and general health, and in the event of gum problems, very few resort to health care practices (self-medication or seeing health care professionals).

\* French union for oral-dental health

MAY 23, 2017

## PURCHASE OF PROMISING ACTIVE INGREDIENTS FROM IGENICA BIOTHERAPEUTICS (USA) IN THE AREA OF IMMUNO-ONCOLOGY

This purchase agreement includes innovative, "checkpoint"-inhibiting immunotherapies that enable to reduce resistance to existing immunotherapies. The most advanced active ingredient is currently in the pre-clinical phase and should be administered to the first patients in the next two to three years.

MAY 2017

### PIERRE FABRE ORAL CARE SIGNS TWO PARTNERSHIPS

- An international distribution and supply contract with BMG Pharma S.r.l for two oral hygiene products developed by BMG, Aftacure Gel and Aftacure Spray, under our commercial brand "Elgydium Clinic."
- An exclusive distribution partnership with the ODOST Laboratory for the BUCCOTHERM® range.



# Dermo-Cosmetics

JANUARY 09, 2018

## SIGNING OF A PARTNERSHIP WITH MÊME TO SUPPORT FEMALE PATIENTS AFFECTED BY CANCER

Motivated by a shared passion and rigor, Pierre Fabre Dermo-Cosmetics and Mème decided to pool their skills to improve the quality of life of cancer female patients. Pierre Fabre Dermo-Cosmetics is the second investor to buy stakes in the start-up, following Otium Brands in 2016.

This partnership relies in particular on the input of the sales teams and medical rep network of the Eau Thermale Avène brand, which specializes in sensitive skin and is the leading dermo-cosmetics brand in France. The aim is to increase recognition of Mème products in oncology departments and pharmacies, and above all to make all health professionals aware of the cutaneous toxicity of cancer treatments, thus enabling them to provide patients with suitable advice and solutions.



SEPTEMBER 2017



## LAUNCH OF DERMO COSME SHOP IN SOUTH KOREA

First e-commerce site of the dermo-cosmetics brand, including the brands Eau Thermale Avène, A-Derma, Ducray, Klorane and René Furterer.

2017/2018

## BOTANY FOR CHANGE AWARD FROM KLORANE BOTANICAL FOUNDATION



BOTANY FOR CHANGE

For three years, Klorane Botanical Foundation has been inviting botany, horticulture, architecture and landscaping students to make use of their expertise to design and create the future urban garden, which aims to raise awareness among the public on protecting biodiversity in an urban environment.

In 2017, the winning project from ENSP Versailles took form sustainably in Parc de La Villette, in Paris. In 2018, the Foundation would like to highlight the wealth of the Mediterranean area, which is home to one of the most diverse floras in the world, the balance of which has been weakened. The winners installed their sustainable plant creation on the theme of Mediterranean biodiversity at the heart of Prado seaside park in Marseille.



JANUARY 2017



## CONTINUATION OF INTERNATIONAL EXPANSION IN EUROPE WITH THE OPENING OF TWO SUBSIDIARIES, IN NORWAY AND THE NETHERLANDS

MARCH 03, 2017

## STRATEGIC INTERNATIONAL PARTNERSHIP WITH THE AMERICAN LABORATORY HILL DERMACEUTICALS, INC. FOR THE MARKETING OF TOLAK®

a patented dermatology drug prescribed in the topical treatment of lesions on the face, ears and/or scalp caused by actinic keratosis.

SEPTEMBER 18, 2017

## FIRST PIERRE FABRE DERMO-CAMPUS: A SELECTIVE, IMMERSIVE TRAINING PROGRAM FOR STUDENTS OF DERMATOLOGY



The 1<sup>st</sup> Pierre Fabre Dermo-Campus was held in Toulouse, the birthplace of the Group's pharmaceutical and dermo-cosmetic research and development activities. During this seminar, around twenty students, mainly from abroad in their 4<sup>th</sup> year of study in dermatology, met many Pierre Fabre experts. An innovative training program bringing together academia and industry, to design future dermatology together.

OCTOBER 16, 2017

## ECHAPPÉE ROSE: AN OASIS OF GENTLENESS IN THE DISEASE

The association "Tout le monde contre le cancer" together with the Avène Dermatological Laboratories set up the *Echappée Rose*, the 1<sup>st</sup> "itinerant well-being institute." The association goes out on a special bus and meets these women suffering from illness, bringing well-being and beauty treatments to them when they are in the hospital.



JULY 21, 2017

## DUCRAY'S RESPONSIBLE MARKETING AWARDED THE 2017 ADETEM MARKETING EXCELLENCE PRIZE



As part of the 12<sup>th</sup> Night ceremony organized by Adetem, over 500 marketing professionals learned the names of the 2017 winners of the Marketing Excellence Prizes. Competing in the Responsible Marketing category, our DUCRAY brand won the silver medal for its EXTRA-GENTLE shampoo.

MAY 2017

## ELANCYL IS LAUNCHING THE FIRST SMART DEVICE TO FIGHT CELLULITE

Designed with a physiotherapist, SLIM MASSAGE Coach mechanically reproduces the professional kneading/rolling technique, the foremost massage to combat cellulite. This latest generation accessory was presented during the 2017 CES in Las Vegas in January 2017.





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