This first integrated annual report offers a comprehensive overview of the value created by the Pierre Fabre Group for all of its stakeholders. The timing of the publication of this report is particularly fortuitous. Indeed, in 2019, the Pierre Fabre Group launched an ambitious transformation plan for the period 2020-2023. The year 2019 also saw a milestone in the company’s history, the formalization of the Group’s raison d’être, its Purpose: “Every time we care for a single person, we make the whole world better.”

To create this purpose statement, we chose a collaborative approach: drafting of the purpose was first entrusted to a group of employees representing the company’s diversity, then it was validated by the highest level of corporate governance.

This integrated report was also prepared using a collaborative approach. It’s worth noting that while drafting the report presented a challenge in the context of the Group’s transformation, it was also a great opportunity for discussions and learning between different teams. Connections are being made between different areas of expertise: the various business lines are getting used to working together, the links between financial performance and extra-financial performance are becoming more evident… With this first experience under our belts, we will pursue and improve this collaborative approach in the years to come.

Finally, this report was produced in close collaboration with representatives from our stakeholders. Their involvement throughout the project reminds us of their sincere commitment to the Pierre Fabre Group and I would like to offer them my warm thanks.

Eric Ducournau
CEO

This document was produced according to the guidelines established by the International Integrated Reporting Council (IIRC). It is also consistent with the results of the materiality analysis carried out by the Group in 2019 for its Declaration of Extra-Financial Performance.

Our best effort was made for translating into English the report from its French original version which shall prevail.

Governance guided by the public interest
Our original shareholding structure, unique in France, gives us responsibility, independence, and a long-term vision. It is an asset that helps us establish a long-term strategy that balances performance, value creation, and responsibility.

A unique positioning
Founded on a resolutely humanistic purpose, our business model combines the best aspects of medical expertise and naturalness. Our two complementary business lines—pharmaceuticals and dermo-cosmetics—give us a comprehensive approach to health care (prevention, care, and support) in line with the expectations of today’s health care professionals, patients, and consumers.

Our strategy for the future
Listening to our stakeholders and taking into account the disruptions presented by today’s world, we have launched an ambitious transformation plan to be completed by 2023. This plan aims to achieve profitable and socially responsible growth based on our unique positioning, particularly by creating greater synergies between our two main business lines.

Creating value for all
Every day, our employees are driven to respond to the needs of patients and consumers, support health care professionals, participate in the economic, social, and cultural development of our local communities, and help the Pierre Fabre Foundation, a certified French “public interest” organization, pursue its missions. That is the foundation of our Purpose.

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Taking care of all people

Day after day, we develop innovative solutions that contribute to the well-being of all people in collaboration with the research and development world and health care professionals. Health care professionals are trusted partners for us. They understand and truly value our approach. That approach sets high standards and is based on our unique positioning: combining the best of medical and naturalness while upholding the pharmaceutical ethics embodied by our founder, all in service to a holistic approach to well-being and care, from health to beauty.

Today, we do business worldwide, but we are based in a region near and dear to our hearts: France’s Occitania region, and particularly the Tarn department, where the Group was founded and has been based since the beginning. We operate on a unique business model: the vast majority of the Group’s shares are owned by the Pierre Fabre Foundation, a certified French “public interest” organization; the next largest group of shareholders is the company’s employees. With several medical and dermo-cosmetic divisions—notably Pierre Fabre Oncologie, Pierre Fabre Dermatologie, Pierre Fabre Health Care, Pierre Fabre Oral Care, Eau Thermale Avène, Ducray, A-Derma, Klorane, and René Furterer—we are now the second largest dermo-cosmetics laboratory in the world, the leader in terms of over-the-counter products sold in pharmacies in France, and a world player in two major therapeutic areas: oncology and dermatology.
Governance guided by the public interest

1 WHAT MAKES US DIFFERENT
As Pierre Fabre is 86% owned by the eponymous foundation, a certified French "public interest" organization, the Group has a shareholding structure that is unique in France for an industrial company. Employees are the Group’s second largest shareholder group, owning their shares through a “Fonds Commun de Placements Entreprise” (company investment mutual fund).

2 HOW IS THIS A STRENGTH OF THE GROUP?
This original shareholding structure gives the Pierre Fabre Group independence, the opportunity for long-term holding of its shares, and an obligation to adhere to impeccable ethics. This shareholding structure also requires the Group to be sufficiently profitable as it can’t count on its shareholders to inject new capital. In addition, according to the corporate charter, the Group must provide the Foundation with the financial resources needed to carry out its "public interest" mission.

3 WHAT ARE THE BENEFITS FOR OUR STAKEHOLDERS?
As its profits ultimately benefit the Foundation, Pierre Fabre helps improve access to health care for the world’s poorest populations. This aim is extremely meaningful and is a source of great pride for the Group’s employees as well as, more broadly, for all of the stakeholders who contribute to the company’s value creation model: patients and consumers, health care professionals, suppliers, providers, and partners.
A year full of promise

How would you sum up the year 2019? How was it a pivotal year for the Group?

ED: 2019 was a real turning point for Pierre Fabre. Research is accelerating, new biotech industries are undergoing profound changes and pharmaceutical and dermo-cosmetics are evolving, and we see increasing opportunities we turn down. Each word has been weighed carefully so that they reflect this right balance between our activities, our strengths, and our aspirations. In this way, it reflects who we are and brings us together.

RD: To assist with these changes and better support the Group’s transformation, the Supervisory Board changed its composition in 2019, adding members with complementary areas of expertise that are essential for our future challenges.

In an increasingly complex world, how is the Group adapting to pursue its growth?

RD: Research is accelerating new biotech companies are emerging health systems are evolving and we see increasing usage of digital technology and data; the pharmaceutical and dermo-cosmetic industries are undergoing profound changes and we must evolve with them. This requires greater flexibility and a stronger focus on performance. We must also reaffirm the originality and strength of our positioning to focus on the medium term, invest in R&D, maintain our regional facilities, protect the company’s independence, and provide the Foundation with sufficient resources.

ED: We set ambitious goals for ourselves to be achieved by 2023. We want to achieve double-digit profitability, have 70% of our business outside of France, and rebalance our portfolio between pharmaceuticals and dermo-cosmetics. To that end, we decided to concentrate on projects that are most meaningful for our Group. As such, our R&D efforts will be refocused on two therapeutic areas—oncology and dermatology—and on treatments of the future, such as targeted therapies. Of course, internally, this transformation requires a lot of energy, and I know that our employees are already fully engaged in this new strategy. Our statement of Purpose reminds us of the company’s care values and of our ambitions for the future. In this way, it will be the driver of our transformation.

PYR: With a Foundation certified as a French “public interest” organization as our majority shareholder, the Group benefits from a unique shareholding structure. That structure guarantees the company’s independence and a long-term vision, in keeping with the spirit and humanistic values of the company’s founder. This is a major strength, but one that requires the Group to be constantly capable of funding its own growth and thus has a sufficient level of profitability. That sometimes requires changes and innovation, including in the company’s organization, as we see in the transformation plan currently underway. In other words, in order to remain faithful to its principles, the Group absolutely cannot become stuck in its ways. Pierre Fabre must rethink its way of working, as the company’s founder always did.

How is the Group getting through the COVID-19 health crisis?

ED: Like the vast majority of companies, the Pierre Fabre Group has been heavily impacted by this health crisis, which is unprecedented in our recent history. Today, it’s too early to measure the impact on our financial goals for 2020.

I am happy to report that in France and worldwide, our 10,400 employees have remained totally engaged, day after day, to keep our business going. And our business has proved to be essential: producing and distributing drugs and dermo-cosmetic products for those who need them so that they can take care of themselves and fight these efforts are at the heart of our Purpose. Taking care of people is more than ever what drives us. It’s what drives us to go above and beyond and to come up with solutions to help our local partners.

We were able to quickly put in place measures to protect health in our plants and distribution centers in order to ensure our employees and prevent the spread of the virus. We have relied heavily on working from home and, in spite of the complications of living under stay-at-home orders, each individual has proved so beautifully that our employees are already fully engaged in this new strategy. Our statement of Purpose reminds us of the company’s care values and of our ambitions for the future.

For instance, in France, each individual has proved so beautifully that our employees are already fully engaged in this new strategy. Our statement of Purpose reminds us of the company’s care values and of our ambitions for the future.

Our Purpose is a promise to our stakeholders: we are committed to caring for patients and consumers, acting with total transparency, always working together, within our local communities.

“I have set ambitious goals for ourselves to be achieved by 2023: triple our operating profit, have 70% of our business outside of France, and rebalance our portfolio between pharmaceuticals and dermo-cosmetics.”

Eric Ducournau, CEO of the Pierre Fabre Group

“Having a Foundation certified as a French ‘public interest’ organization as our majority shareholder guarantees a long-term vision for the company in line with the company’s care values that are part of our DNA. This is a real advantage in this period of transformation.”

Pierre-Yves Revol, Chairman (executive) of the Pierre Fabre S.A. Supervisory Board

“Like the vast majority of companies, our Group has been heavily impacted by this health crisis, which is unprecedented in our recent history. Today, it’s too early to measure the impact on our financial goals for 2020.”

Pierre-Yves Revol, Chairmen of the Pierre Fabre Foundation and Pierre Fabre Participations
A unique shareholding structure

The Pierre Fabre Foundation and the company’s employees are the Group’s two shareholder groups. This structure is unique in France. It was gradually put in place starting in 2005 and guarantees independence and a long-term vision for the company.

A shareholding foundation

Recognized as a French “public interest” organization, the Pierre Fabre Foundation holds 86% of shares of Pierre Fabre SA. As the Foundation is dedicated to its public interest mission—helping people in the developing world get better access to medicine and high-quality health care—it delegates to its subsidiary Pierre Fabre Participations the supervision of the Group’s management. Upholding the values passed down from the company’s founder, Pierre Fabre Participations appoints the Group’s top leaders and makes sure that the company follows its vision: ensuring the Group’s independence and sustainability while continuing to grow its two long-standing business lines, dermo-cosmetics and pharmaceuticals; preserving the company’s regional presence; and prioritizing sustainable value creation over short-term profit.

20 years of commitment

In 2016, the Pierre Fabre Foundation celebrated 20 years of commitment to helping populations in the Global South get better access to medicine and high-quality health care. In recent years, the Foundation has particularly focused on two areas of development first, action in places where conflict has persisted, as in the case of Kivu, Democratic Republic of the Congo, and Central African Republic, where the Foundation supports the programs of Dr. Mukwege, 2018 Nobel Peace Prize Laureate; second, dermatology, by helping close the gap in care for skin diseases in Africa: development of remote diagnostics, skin cancer prevention and treatment for people with albinism, and more.

A team effort

Alongside the Foundation, employees are the Group’s only shareholders. As of the end of 2019, employees owned 8.5% of shares and over 85% of employees are shareholders. These numbers attest to a true team effort in corporate governance. They also show lasting commitment and confidence in the Group, which have been reinforced with each new acquisition of shares over the past 15 years. Over the last several years, employee shareholding has gradually grown at the Group’s subsidiaries. In 2020, Austria will become the 11th country with access to the employee shareholding plan.

Balanced governance

The Pierre Fabre Supervisory Board and Executive Committee collaborate closely. Their mission is to create a long-term strategy and implement the transformation plan while staying faithful to the Group’s Purpose and history.

Working together

Supervisory Board

As the steward of a long-term strategic vision, the Board approves the Group’s strategy and supervises its implementation.

- 17 members, including 3 members from Pierre Fabre Participations and 2 employee shareholder representatives
- 7 women
- 3 committees: Strategic Committee, Audit and Accounts Committee, Nomination and Remuneration Committee

Executive Committee

As the creator of the transformation plan and the manager of its operational implementation, the Committee generates proposals for the sustainability of the company.

- 7 members
- 2 women
A Supervisory Board dedicated to meeting the company’s challenges

With its diverse and complementary profiles, the Supervisory Board contributes to the company’s strategic decisions and their implementation.

The Group is committed to improving the composition of its Supervisory Board. Objectives: incorporating diverse professional experience in line with the changes in the Group’s environment and its strategic orientations. In 2020, the Board added significant expertise in the areas of beauty and luxury by welcoming two new members, Marie-Anne Aymé etich and Rachel Marcuvici, who bring with them skills related to consumer insights, digital technology, and omni-channel distribution.

In 2019, the Supervisory Board focused on reviewing and approving the Group’s statement of purpose and transformation plan, as well as its three-year financial forecasts. The Board also examined in detail subjects of significant strategic importance for the Group, such as the impact of digital technology on the business model and the company’s growth in China, already the Group’s second-largest market in terms of revenue. In addition, the Supervisory Board established the means for improving its effectiveness via three specific actions plans: expand training for directors, perform more site visits to be as closely aligned as possible with the reality of the business lines, and adopt a process for evaluating projects submitted to the Board so as to encourage new ways of thinking.

An engaged Executive Committee

The Pierre Fabre Executive Committee, with a team of complementary skills and experience, is committed to working as a team to make the Group’s transformation plan a success.

In a hyper-competitive global market driven by proliferating innovation, we are working with biotech firms, public research institutes, and health care professionals to develop products that respond to therapeutic needs that are currently poorly met or not met at all.

Jean-Luc Ladoumès
Medical Care Business Unit CEO

“The transformation underway makes sense and is needed. By creating a single entity that brings together all teams in charge of production and supply chain activities worldwide, we are optimizing our processes but also our industrial footprint while incorporating the highest standards related to CSR.”

Vincent Bureau
Chief Operation Officer

“The Group’s purpose has become one of the essential drivers for the deployment of our transformation plan. It is our role to reinforce the assets of the plan’s foundation, allowing us to improve our performances, increase our flexibility and reaffirm our unique positioning, which combines the best of medical and naturalness.”

Eric Busseau
CEO

“Over the past decades, the Group has rapidly globalized, leading to the opening of new subsidiaries on every continent. Thus, today, we have a presence in every major pharmaceutical and dermo-cosmetics market. This cycle of expansion will now give way to a cycle of management and streamlining, with the goal of strengthening our position in strategic regions.”

Giuseppe Mola
International, Export and Regions CEO

“The overlap between our two main business lines—pharmaceuticals and dermo-cosmetics—illustrates our specific positioning. We want to strengthen this foundation in therapeutic products, which really sets us apart in the global cosmetics market. We see ourselves as an inspiration and a model for patients and consumers pushing us to innovate, we aim to better respond to the expectations of our changing world and thus preserve the world for future generations.”

Katrín Pérez-Gallot
Dermo-Cosmetics & Personal Care Business Unit CEO

“With matters today is guaranteeing the Group’s future while maintaining its business model and the strengths that make it a model: profitability is one of the key conditions for the Group’s sustainability.”

Eric Bayry
Administrative, Finance and Legal Senior Vice President

“A medical and naturalness.”

Núria Pérez-Cullell
Medical Care Business Unit CEO

“Medical and naturalness.”

Marie-Anne Aymerich and Rachel Marouani, who bring with them skills related to consumer insights, digital technology, and omni-channel distribution.

What matters today is guaranteeing the Group’s future while maintaining its business model and the strengths that make it a model: profitability is one of the key conditions for the Group’s sustainability.”

Eric Bayry
Administrative, Finance and Legal Senior Vice President

“I have never seen such an emphasis put on social and environmental responsibility until I joined Pierre Fabre in 2015. This emphasis gives meaning a spirit of greatness and extra motivation to the Group’s leaders and employees.”

Agnès Park
Human Resources Senior Vice President

“An engaged Executive Committee

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Katrín Pérez-Gallot
Dermo-Cosmetics & Personal Care Business Unit CEO
A unique positioning

1. WHAT MAKES US DIFFERENT
   Nature is a beneficial source for healing, soothing, and beautifying. This strong belief, coupled with rigorous scientific research and pharmaceutical ethics, gives the Group a unique positioning. Our products combine the best of medical and naturalness. Effective and environmentally friendly, they help each person live better.

2. HOW IS THIS A STRENGTH OF THE GROUP?
   It’s an underlying trend in consumption habits: consumer demands in terms of naturalness, efficacy and exemplarity are rapidly increasing. Pierre Fabre responds to these demands with sincerity and authenticity, which have been essential to the company’s growth model since the very beginning.

3. WHAT ARE THE BENEFITS FOR OUR STAKEHOLDERS?
   With Pierre Fabre, consumers and health care professionals enjoy the benefits of products with scientifically proven efficacy and safety. These products are produced under the industry’s strictest standards, both in terms of medical efficacy and environmental protection.

Our positioning in 3 points
In 2019, the Group undertook discussions with its employees to come up with a statement of purpose. Based on the company's history and values, this purpose faithfully represents what has made Pierre Fabre special since its founding.

**Our Purpose**

Every time we innovate to help each person live better.

Every time we care for a single person, we make the whole world better.

Every time we care for a single person, we make the whole world better.

Every time we share the fruit of our efforts with those working for health and well-being.

Every time we improve access to effective health care.

Every time we innovate to help each person live better.

**Governing our purpose**

86% of the capital held by the Pierre Fabre Foundation is allocated to a government-recognized public-interest foundation.

20 years of the Pierre Fabre Foundation's commitment to providing access to secure and effective care for patients in the global South.

An economic and social source of commitment to employees.

A source of commitment to employees.

**Unique positioning, combining the best of medical and natural sciences.**

Over 900 clinical studies conducted in 2019.

70% of our medicines are linked to products with active ingredients from nature.

**Our defining characteristics**

**Governing by the public interest.**

86% of the capital held by the Pierre Fabre Foundation is allocated to a government-recognized public-interest foundation.

20 years of the Pierre Fabre Foundation’s commitment to providing access to secure and effective care for patients in the global South.

**An economic and social source of commitment to employees.**

A source of commitment to employees.

**Unique positioning, combining the best of medical and natural sciences.**

Over 900 clinical studies conducted in 2019.

70% of our medicines are linked to products with active ingredients from nature.

**Listening to patients & consumers.**

Dialogue with patients & consumers, constantly improved by digital technology.

**Research & Development.**

Approach based on partnering and open innovation, creating a portfolio of dermatology solutions and dermo-cosmetics solutions, brought to market more quickly.

**Procurement of raw materials.**

Ingredients for our products are sourced from either synthetic or natural origins. Meaning that we manufacture the active substances in our products, which account for 25% of Medical Care revenues, on site.

**Production.**

More than half of our active ingredients are produced in France and we are not dependent on local sales for our pharmaceutical active ingredients.

**Distribution.**

Distribution channels which promote the recommendation and sale of our products to health professionals, building a unique brand between the supply chain and consumers & patients.

**The patient - listening to patients for innovation today and in the future.**

Our approach is based on partnership and open innovation, creating a portfolio of dermatology solutions and dermo-cosmetics solutions, brought to market more quickly.

**Medical care & Personal care**

€1.4B in 2019.

€1.3B in 2019.

Medical care

€1B

2

Personal care

€1.4B

2

CHRONIC DISEASES

Percant

of total revenues

23,000

Dermaweb, an international dermatology platform for information and discussion, bringing together more than 23,000 dermatologists and 75% of European dermatologists.

**Health care professionals**

1,900 pharmacists registered on POP Training platform to improve the care of these skin patients.

Consilium, an international dermatology platform for information and discussion, bringing together more than 23,000 dermatologists and 75% of European dermatologists.

**Oncoguide: the reference guide for supportive care in oncology, designed for pharmacists, published in 2019.**

**Employees**

€1.1B

€1.9B

€1.4B

2019

2019

2019

No.

No.

No.

39%

5%

38%

30%

30%

25%
Green Mission Pierre Fabre: a daily commitment

Launched in 2019, Green Mission reaffirms Pierre Fabre’s identity and its deep commitment to sustainable development and naturalness in its activities.

Sustainable Development Goals

- Preserve the planet, promote peace and prosperity for all and much more
- The sustainable development goals (SDGs) set out by the United Nations, the Group’s foundation and its 2020 Green Mission “Responsible Consumption and Production” (#12)
- “Health and Well-being” (#3), “Decent Work and Economic Growth” (#8), and “Sustainable Cities and Communities” (#11)

Our commitments in target figures by 2023

- 90% of organogenic or eco-designed plant-based active ingredients
- 1 socially and biodiversity-oriented product will be available per year in one of our brands
- 20% of new plant-based products will incorporate a new or improved active ingredient
- 1 in 2 products in the Group’s product catalog will be eco-designed
- 80% of new plant extracts will be sourced from plants grown using organic farming
- 25% of energy used will come from renewable energy sources
- 25% reduction in our water consumption
- 4 new organic or eco-designed products will be launched per year
- 1 social or biodiversity-oriented action per year will be carried out per year by each of our employees
- 100% of new plant extracts will be designed and manufactured with organic farming
- 1 in 2 products in the Group’s product catalog will be eco-designed

Innovate

For Pierre Fabre, innovation combines cutting-edge research with expertise in plant-based products. That said, the Group has reinforced the special characteristics of its business model, which combines the best of medical and pharmaceuticals, the Group provides its areas of expertise, dermo-cosmetics and agro-ecology, etc.

Protect

Committed to protecting nature, plants life is at the heart of Pierre Fabre’s sustainability strategy. The Group has many strategies that make it stand out in its unique positioning that combines the best of medical and human factors. Over the years, the Group has reinforced the special characteristics of its business model, which combines the best of medical and pharmaceuticals, the Group provides its areas of expertise, dermo-cosmetics and agro-ecology, etc.

Respect

The Group contributes to the sustainable development of the regions in which it operates. This includes the development of projects that protect the local environment, the promotion of sustainable social and environmental commitments, the development of community-based initiatives, and the promotion of local activities that are designed to support the Group’s mission.

Commit

Pierre Fabre encourages green partnerships at every level of the value chain. The Group is committed to supporting these partnerships and providing expertise in environmental management, and the organization of local initiatives to promote organic agriculture.

Green Native Expression

Launched in 2020, the new Green Native Expression attracts attention to the unique regional angle in its research and development. This new approach allows us to select the best regional plants from a wide variety of possibilities. In this way, we can incorporate it into our active substances and thus create natural or nutritional supplements.
From health to beauty, our solutions cover the needs of patients in four main areas: hair and skin care, cancer, chronic diseases, and everyday ailments. We work collaboratively with all health care stakeholders to support innovation for patients and consumers.

A holistic approach to health care

Our researchers combine their expertise in medical dermatology and in cosmetology to come up with innovative dermo-cosmetic solutions. Developed under rigorous medical and pharmaceutical rules, these products aim to care for skin and hair, particularly for people suffering from skin pathologies. They bring lasting improvement to the condition of skin and can even make up for the side effects of certain treatments. Today, with a more comprehensive approach that includes Clean Beauty formulas as well as natural, ethical, and sustainable initiatives and an approach encouraging transparency, we are innovating to provide well-being while respecting our environment.

Caring for the skin and hair

Our researchers combine their expertise in medical dermatology and in cosmetology to come up with innovative dermo-cosmetic solutions. Developed under rigorous medical and pharmaceutical rules, these products aim to care for skin and hair, particularly for people suffering from skin pathologies. They bring lasting improvement to the condition of skin and can even make up for the side effects of certain treatments. Today, with a more comprehensive approach that includes Clean Beauty formulas as well as natural, ethical, and sustainable initiatives and an approach encouraging transparency, we are innovating to provide well-being while respecting our environment.

Caring for cancer

A pioneer in oncology, Pierre Fabre makes cancer treatment and prevention a priority in its research and development. The Group invests in and works on cancer prevention through its offer of sunscreens and by carrying out information and training initiatives for the detection of certain types of cancer. In terms of therapies, the Group develops and sells innovative, targeted treatments for cancers such as breast, lung, bladder, colorectal, skin, etc. These innovations are the result of our in-house research and co-development partnerships (with Pfizer in particular).

Improving quality of life for cancer patients

In line with its holistic approach to care, Pierre Fabre has signed onto a financial and sales partnership with the start-up MÊME Cosmetics, with the goal of improving quality of life for patients undergoing cancer treatment. Since 2017, MÊME Cosmetics has offered a full range of dermo-cosmetic products aimed at fighting the negative side effects caused by treatments, including scalp irritation, hand-foot syndrome, and brittle nails. Its products are developed based on a basic belief: maintaining femininity and self-esteem helps patients better fight the disease. In 2019 and 2020, the partnership between MÊME Cosmetics and Pierre Fabre relies on support from the sales, training, and medical representative teams from the Eau Thermale Avène brand, which specializes in sensitive skin. The goal is to boost the reputation of MÊME products in oncology departments and at pharmacies so that more cancer patients can benefit from them.

Preventing and treating skin cancer and supporting patients

As a program dedicated to skin cancer, United Against Skin Cancers coordinates Pierre Fabre’s numerous initiatives worldwide. This program relies on our triple expertise in oncology, medical dermatology, and dermo-cosmetics, which puts us in a unique position to fight skin cancer through a three-part model: prevent, treat, and support. United Against Skin Cancers brings together Pierre Fabre’s many global initiatives on skin cancer prevention (sunscreens, treatment of actinic keratoses), melanoma treatment (targeted therapies), and management of negative side effects affecting the skin and other parts of the body.
Caring for chronic diseases

Our prescription drugs cover a broad spectrum of pathologies and help improve the lives of patients in numerous therapeutic areas, including urology, iron deficiencies, chronic respiratory illnesses, and diabetes, all of which are serious issues for public health. Pierre Fabre also capitalizes on the expertise of its detailing networks to promote specialties on behalf of other laboratories in France and internationally.

Promoting appropriate physical activity

A sedentary lifestyle is considered the fourth-greatest risk factor for death in the world (66). It is believed to be responsible for 5 million deaths worldwide according to the World Health Organization, and is the top cause of 20 to 35% of breast and colorectal cancers, 37% of cases of diabetes, and around 30% of cases of ischemic heart disease. For Pierre Fabre, the many advantages of physical activity—a factor in health, wellness, and beauty—are worth shedding light on. That’s why we support French doctors in prescribing physical activity adapted to their patients. To this end, we have developed FeelCaps (Formation d’éducation thérapeutique en ligne sur la contribution de l’activité physique à la santé, or “Online therapeutic education on how physical activity supports health”) a free and secure application available to patients solely through their health care providers. With this tool, the user has a fun and easy way to learn about the many benefits of regular physical activity for health overall and for certain pathologies in particular.

Treating everyday ailments

Working with health care professionals and patient organizations, we provide everyday support for individuals as they pursue good health and wellness. In support of this goal, we market a broad portfolio of products and solutions, many of which are of natural origin, in the areas of family health, hygiene, and dental care. Our aim? To get patients engaged in improving their health, to help each person live better, and to help people age well by relieving everyday ailments.

Supporting tobacco cessation

For many years now, Pierre Fabre has carried out initiatives for the general public and for health care professionals. This is particularly true in the area of tobacco cessation, for which there have been many on-the-ground initiatives: tobacco-free days at hospitals, the Défi Stop Tabac awareness-raising initiative at 560 pharmacies, conferences on women’s tobacco use, support for non-profit organizations, and more.

In April 2019, in Paris, the Pierre Fabre Tabacology Institute held its first scientific conference, bringing together 35 experts specialized in tobacco use and addiction. Together, they created training modules to improve the care given to smokers to help them quit using tobacco. The goal was also to create a network of tobacco specialists/trainers to support other health care professionals with this subject.
Our strategy for the future

1. WHAT MAKES US DIFFERENT
   Since its founding, the Pierre Fabre Group has relied on the complementary nature of its two main business lines: pharmaceuticals and dermo-cosmetics. What’s more, Pierre Fabre is the only company with a global presence in both medical dermatology and dermo-cosmetics. In particular, the 2020-2023 transformation plan aims to increase synergies between these two business lines.

2. HOW IS THIS A STRENGTH OF THE GROUP?
   By combining our expertise in pharmaceuticals and cosmetics, we are able to provide original solutions (products and services) to meet the needs of patients, consumers, and health care professionals. Sterile Cosmetics, a patented technology allowing us to offer preservative-free dermo-cosmetic products, is an example of an approach that benefited from our expertise in the packaging of injectable cancer drugs in aseptic work environments.

3. WHAT ARE THE BENEFITS FOR OUR STAKEHOLDERS?
   Our dual expertise allows us to provide comprehensive care for patients and consumers. Each solution developed by the Group comes with a guarantee of optimal efficacy and safety.
Understanding the trends in a changing world

The highly competitive pharmaceutical and dermo-cosmetic sectors must adapt to the emergence of new habits of consumption.

From passive consumer to active consumer

The expectations of patients and consumers have evolved significantly in recent years. While safety and efficacy remain the biggest factors in any decision to purchase, the composition of formulas, the product’s impact on the environment or on the skin and, ultimately, on health, are part of a continuum of inextricably linked expectations. The desire for naturalness in production and for transparency in communication have brought us into a new era—the age of the active consumer, who prefers solutions perceived as being healthy and socially responsible. Often more personalized and with simpler formulas, these products are part of a new trend called “Clean Beauty.” They are winning over consumers who are looking for meaning. To get these consumers, the company must stand out from the crowd and engage them.

When digital technology shakes things up...

Digital technology has completely changed the relationships between companies, health care professionals, and consumers, who are now very highly informed. Consumers are becoming increasingly independent with regard to their own health and well-being. They’re looking for information on the internet, they need interaction with brands, and they’re buying health and beauty products online all of which are becoming habits for a growing number of consumers. New companies entering the market are following these trends using expertise in digital marketing and social media. Knowing how to collect, analyze, and use data on consumers and patients, generating interactions throughout the purchase process to enrich the experience, being more responsive to meet expectations for immediacy, and supporting professionals in digitizing their business: these imperatives created by the digital revolution come with many skills that need to be developed.

In France, 69% of consumer journeys include at least one digital touchpoint (source: Aitura/CSA POPO 2017, scope France all product categories). 38% of consumers have already used social media when buying a product or service (source: Barometer of the new consumer market, Wavestone 2017).

A market driven by innovation

As cancer is now the leading cause of death in industrialized nations, oncology has become a priority in this highly competitive pharmaceutical sector. Innovation efforts are focused on developing new treatments, combined with better care for patients. These massive investments in research and development have resulted in disruptive technologies, notably targeted therapies, offering greater efficacy and shorter treatment times for patients.

69% of consumers expect brands to have a positive impact (Edelman Trust Barometer 2019). 33% for the number of cancer cases worldwide between 2005 and 2050 (source: Global Burden of Disease Collaboration).

The natural cosmetics market will grow on average of 9.5% each year from now until 2025 (source: Grand View Research, April 2019). 55% projected 2030 (Environmental Outlook).

A plethora of newcomers

The increasingly competitive dermo-cosmetics market is divided into several types of players. Alongside the classic players from the cosmetics industry, there is a myriad of newcomers who have joined the market, often small brands with a local base or highly digitized. The industry is characterized by two underlying trends: the rise of online sales and digital communications, as well as growing interest in naturalness and natural and organic products—and let’s not forget the importance of saving water in this industry that uses so much of it.

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Identify and prioritize our main challenges

In 2019, we updated our materiality matrix, a methodology used by the Group since 2015 to identify, analyze, and prioritize its top CSR challenges. Using this methodology, we created a list of 21 CSR challenges, which were approved by a committee made up of members of the Executive Committee, the director of Green Mission Pierre Fabre, the CSR director, the Group’s risk manager, and the director of communications. These challenges were then evaluated by about 20 internal stakeholders representing the company’s different departments. They looked at four impact categories: regulatory, financial, economic, and reputational. Each of these categories was then broken down into sub-categories.

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GOVERNANCE & ETHICS RISKS

Responsible governance
Example of action

The Group’s shareholder scheme is the guarantee of a comprehensive and distinctive vision of performance. The employees’ shareholder scheme is reinvested every year to preserve and strengthen this responsible governance. In 2019, 83.9% of employees eligible for the employee shareholding plan were shareholders.

Ethics & Compliance
Example of action

In early 2020, under the transformation plan, and with the goal of establishing a coordinated approach to ethics and compliance, a Quality, Compliance, and Risks Department was created. This new department covers corporate quality activities, risk management, internal controls, ethics, and compliance, including GDPR compliance. The selection process for our plant-based active ingredients systematically incorporates the Nagoya Protocol on Access and Benefit-sharing.

Responsible purchasing
Example of action

In 2006, we purchased the ECOVADIS tool, which now allows us to evaluate all of our suppliers using a questionnaire based on the main international standards on sustainable development: the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000 standard.

SOCIAL RISKS

Diversity, skill, and talent management
Example of action

To further improve the effectiveness of its offerings, in early 2019, Pierre Fabre University launched a project called “Learner Centricity.” One of the major goals of this project is to get employees from operations teams involved in developing training offerings.

Employee health & safety
Example of action

For the second consecutive year, an e-learning program entitled “En route vers la prévention” (On the Road to Prevention) was offered to all employees based in France and in Morocco (as a subsidiary piloting the training). Each month, a training module goes online on our e-learning platform, accompanied by a video broadcast on our sites’ information screens.

ENVIRONMENTAL RISKS

Industrial risk
Example of action

The Pierre Fabre Group pays special attention to wastewater treatment. Most of our production sites have their own pre-treatment or treatment stations for wastewater.

Risk of environmental damage linked to the composition, manufacturing, and use of products
Example of action

In 2019, all packaging of the Group’s cosmetic products was evaluated using a methodology and tools developed in-house. This process allowed us to give an overall environmental rating to each type of packaging and to identify how to improve their environmental profiles.

Lack of product safety
Example of action

In 2019, under the transformation plan, a Medical and Patient/Consumer Relations Department was created and placed under the direct responsibility of the CEO. This new department covers functions in charge of all regulatory aspects of product authorization applications, vigilance, and scientific information for health care professionals.

Accessibility of products for patients and consumers
Example of action

The security of our supplies is guaranteed by the fact that nearly all of our pharmaceutical production is located in France. In addition, we favor the usage of pharmaceutical active ingredients produced in France or elsewhere in Europe. Around 40% of revenues from the Pharmaceuticals business line comes from products whose active ingredient is produced by the Group itself.

A breakdown in innovation
Example of action

Innovation in the area of plant-based active ingredients is an important challenge across both of our two main business lines given that over a third of our revenues relies on products whose active ingredient comes from plants. In 2016, the Group set the goal of developing four new natural or organic plant-based active ingredients per year.

Transparent communication
Example of action

To provide total transparency on the CSR commitments embodied in its products, the Group has developed the Green Impact Index, which measures the CSR-performance of a given product. The Index also identifies areas for improvement of the product’s social and environmental profile and helps the Group objectively communicate about social and environmental actions behind each product. This continuous improvement process was finalized in 2019 and will be tested in 2020 on the Group’s flagship products.
At the end of the strategic plan carried out over the 2014-2018 period, the Pierre Fabre Group initiated a phase of reflection. The company took an essential step back to get a better view of how to accelerate its transformation.

Planning for transformation

The year 2019 was the year of introspection. While we of course needed to take lessons away from our previous plan, 2019 was also used to launch and finalize three major projects: the formalization of our purpose statement, an essential source of energy for reinforcing our actions and centering them on a shared vision; the development of our transformation plan; and the establishment of our new ambitions for sustainable development under Green Mission Pierre Fabre.

The diagnostic carried out between November 2018 and February 2019 revealed many strengths: unique expertise in naturalness, a deeply humanistic corporate culture, recognized dermo-cosmetic brands, and promising opportunities in oncology. Quite clearly, the plan carried out between 2014 and 2018 led to the emergence of a modernized company with stronger fundamentals, one that is increasingly global and digital, and that has increased manufacturing and logistical capacities. That said, Pierre Fabre still has progress to be made in various domains: improving its operational efficiency and profitability, creating greater synergies between business lines, and refocusing its product portfolio through concerted efforts.

These are our strategic priorities for the years to come. They require changes within the organization, as well as in mentalities and the ways we work so that we can leverage them to improve performance. This is a major challenge that will require a veritable transformation of the Group in the 2020-2023 period.

Engaged employees

The company’s transformation plan got employees engaged through informational meetings and workshops to get them to buy into the plan’s challenges. Employees were first consulted early on in the diagnostic phase: Eric Ducournau, the Group’s CEO, met with over 300 employees, from all levels of the organization and from all countries, in small groups for “Transformation Interviews.” A network of contributors was then involved in developing the transformation plan. After that, around a hundred “Transformation Ambassadors” were given the mission of helping spread the message about the plan’s goals and challenges, of relaying questions from their colleagues, and of supporting managers by helping people understand and buy into the plan.

PRIORITY FOR BUILDING THE FUTURE

Transformation plan 2020-2023

5 PRIORITIES

<table>
<thead>
<tr>
<th>MEDICAL &amp; NATURALITY</th>
<th>PORTFOLIO</th>
<th>EFFICIENCY</th>
<th>DIGITAL</th>
<th>ORGANIZATION</th>
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<tbody>
<tr>
<td>Assert a Medical &amp; Naturality positioning that is both authentic and differentiating</td>
<td>Refocus our portfolio strategy</td>
<td>Improve our efficiency to finance the transformation</td>
<td>Leverage digital to improve consumer/patient centricity</td>
<td>Transform the organization and ways of working</td>
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AMBITIOUS GOALS

MISSION 2023

€2.7 BILLION IN REVENUES, COMPARED TO €2.3 BILLION IN 2019

DOUBLE-DIGIT PROFITABILITY

70% OF REVENUES EARNED OUTSIDE OF FRANCE, COMPARED TO 64% IN 2019

FINDING A NEW BALANCE BETWEEN PHARMACEUTICALS AND DERMO-COSMETICS
Five priorities for completely transforming the company

The Group’s transformation will be organized around five strategic priorities. The goal: to ensure profitable growth for the Pierre Fabre Group.

**Take advantage of our unique positioning**

The Group aims to reaffirm the things that have set the company apart since it was founded by a pharmacist and dedicated botanist-expertise in Medical and Naturality combined to serve people. This positioning is built on our recognized complementary expertise in life sciences: cellular biology, biotechnology, botany, and biodiversity. These areas of expertise place our medical franchises and dermo-cosmetics brands in an ideal position to respond to growing patient, consumer, and health professional expectations for health products that are more effective, safer, more natural, and more environmentally friendly, and whose benefits can be scientifically proven.

Among the initiatives in progress:
- Creation of a cross-functional Medical Department. In particular, this department is in charge of evaluating the benefits of therapeutic treatments coupled with the usage of natural-origin products aiming to reduce or prevent side effects and thus improve quality of life for patients.
- Creation of Green Mission Pierre Fabre, in charge of establishing and promoting across the organization, the Group’s ambitions for sustainable development and naturalness.
- We value our botanical resources and we are constantly improving our knowledge of botany based on scientific and clinical studies.

**Reset our portfolio strategy**

We have established three priorities for investment: oncology, dermatology, and dermo-cosmetics. At the same time, we aim to get as much profit as possible out of our mature product portfolio.

Among the initiatives in progress:
- We are focusing our R&D investments on three priorities while carrying out our lifecycle management with our mature products (urology, women’s health, family health, etc.).
- We are positioning our company as a leading partner for innovative biotech firms in the areas of oncology and dermatology, assisting at all stages of product development (pre-clinical phase, clinical phase, entry into the market).
- We are streamlining our portfolio of mature drugs so that we can focus on the most profitable products and regions.
- We are prioritizing investments in our strongest dermo-cosmetics brands according to our ‘Medical & Naturality’ positioning and we are streamlining our product portfolio.

**Improve our efficiency**

Our ability to transform our company, as well as finance those transformation efforts, requires greater efficiency in our operations.

Among the initiatives in progress:
- A better alignment between the priorities of R&D teams (pharmaceuticals and dermo-cosmetics) and those of the sales teams.
- Implementation of more agile innovation processes in order to reduce the lead time between the “idea” and when it reaches the market.
- Focusing our investments on production sites that mainly produce for the Pierre Fabre Group (and not for other pharmaceutical companies).
- Optimizing the efficiency of our production and logistics operations by adopting Industry 4.0 solutions and customer-oriented processes.

**Take advantage of the opportunities offered by digital technology**

If used well, digital technology and data should help us focus more on patients, consumers, and customers.

Among the initiatives in progress:
- Adoption of the ‘precision marketing’ methodology by all of our brands.
- Systemic use of data to optimize our R&D decision-making processes.
- Selection and incubation of innovative projects from start-ups.

**Rethink our organization and ways of working**

Establishing a more “horizontal,” collaborative organization and developing a culture of performance requires a deep transformation of working methods and relationships.

Among the initiatives in progress:
- Clarification of roles and responsibilities.
- Simplification of the organization and collaborative or transactional processes.
- Increased interdisciplinary work.
- Set individual and group goals focused on the Group’s priorities.

**Precision marketing to strengthen interactions with consumers**

Increasingly well-informed and active in their consumption choices, consumers are becoming increasingly sensitive to the traditional communications used by brands and they are constantly looking to increase their knowledge and autonomy in their decision-making. As such, relevance and personalization are the keys to getting the attention of consumers, patients, and prescribers. This is the very essence of precision marketing, which has been made possible by the growth of digital technology.

This approach to the digital world will allow us to:
- To boost the effectiveness of our communications campaigns, which will be more personalized, and generate more investment and more targeted investment.
- For sustainable growth thanks to tracking of marketing and digital teams, who will be able to replicate best practices and optimize them.
Organization aligned with strategy

The transformation plan aims to create an organization that highlights synergies and greater performance.

Developing synergies, improving performance

To strengthen the culture of performance within the Group, we must evolve into a more horizontal organization and promote shorter and clearer decision-making processes and circuits. This starts with the Executive Committee, whose composition is now more balanced between business leaders from operational units and those from support functions (business partners). This new composition allows the Committee to better focus its discussions and decisions on operational challenges. In order to reinforce our synergies, our transformation is supported by constant efforts to create cross-functional cooperation and synergies with the express goal of “breaking silos.” For example, an Operations Department bringing together manufacturing and supply chain teams now covers the entirety of the Group’s product portfolio. Following the same logic, the business partner functions were also grouped together.

In addition, the Group’s business lines were reorganized into three business units (BUs):

• The Medical Care BU and the Dermo-Cosmetics & Consumer Care BU: directly in charge of the Group’s five biggest markets (France, China, Italy, Spain, and Germany), they also focus their actions on the innovation strategy and the positioning of the brands and franchises with a view to securing their growth.

• The International, Export, and E-Business BU: this BU is dedicated to the specific challenges for the markets outside the top 5, representing 40% of revenues: it also develops best practices for excellence in sales and e-business for the entire Group.

A corporate medical department

As part of the transformation plan, a Medical and Patient & Consumer Relations Department was created in January 2020. The mission of this department is to define the Group’s medical strategy and guarantee that it is properly implemented and monitored. Its strategy relies on asserting a scientific, medical, naturalness, and environmentally friendly positioning for all Pierre Fabre Group products. The department is committed to incorporating patients into discussions of the Group’s growth plans and to promoting its activities, particularly through publications and participation in scientific conferences.

HR support, the key to the transformation process

To get everyone on board and help each individual buy into the transformation, Pierre Fabre has established a comprehensive support plan. First, from the very beginning of the transformation plan, employees have received regular, transparent information about the diagnostic phase, the steps in the transformation, organisational changes, progress on different projects, the Group’s economic situation, and more. Furthermore, a network of 120 ambassadors, involved in the creation and implementation of the transformation plan, was created to strengthen connections with employees and take the transformation initiatives to the teams. To make this transformation a success, the Group is also assisting employees who need to learn new skills or adapt to the evolution of their duties. This initiative is also for managers, so that they are able to manage the changes and facilitate the adoption of more collaborative work methods. Finally, we have improved our ability to listen to employees. Having launched the “Transformation Barometer” in early 2020, Pierre Fabre encourages all employees to speak up and play an active role in the transformation plan.

“Training and support from management are two essential mechanisms for helping all employees position themselves within the new organization and view the changes with peace of mind.”

Agnès Park
Senior Vice President
for Human Resources
A CLOSER LOOK

Innovation in pharmaceuticals

Pierre Fabre has made a priority of creating innovative therapeutic solutions in cooperation with partners and health care professionals, while always placing patients at the heart of its research and development. Within its pharmaceutical business, the Group invests in four main areas of research in particular: oncology, dermatology, onco-dermatology, and consumer health care. This is done by combining our medical and dermo-cosmetic expertise. Oncology research is a priority for the Group, with programs focused on targeted therapies.

Innovation in dermo-cosmetics

Offering every person dermo-cosmetic products that are safer, more effective, and that respect people and nature. That is the purpose behind our dermo-cosmetics and personal care R&D. With innovation inspired by the living world and the development of ethical, responsible, and differentiated products, we are re-inventing our products to create the dermo-cosmetics of tomorrow and we are highlighting our commitments. This aim has led us to create Conscious Care, a policy shared by all of our brands; it establishes concrete, tangible requirements and commitments. As Pierre Fabre’s re-interpretation of the generic concept of “Clean Beauty” with a more comprehensive vision, Conscious Care promotes natural formulas and encourages the use of non-controversial ingredients and substances. These aspects are rounded out with ethical and sustainable actions, resulting in dermo-cosmetics that are useful and well-reasoned. Starting in 2020, 33% of new projects will follow this approach, with the goal of reaching 100% of new projects by 2023. All in all, a more comprehensive approach.

Pierre Fabre and plants: 50 years of research

Plant-based innovation is at the heart of the Group’s approach to innovation. We have created and brought to market hundreds of products using natural active ingredients; drugs like Permethrin, which uses saw palmetto, and dermo-cosmetics from our brands Klorane, A-Derma, and Natuactive, which specializes in phytotherapy and aromatherapy. Discovering new plants, identifying the active ingredients they hold, evaluating their effects, devising innovative extraction methods, selecting and cultivating plants while protecting biodiversity; these are all part of the passion that has driven us since our founding. That passion is coupled with the rigor of our pharmaceutical culture: we don’t use any plant extracts without first proving their efficacy. Through this Green Mission Pierre Fabre approach launched in 2019, we are committed to constantly improving our knowledge of nature while protecting biodiversity and the local populations who live off of these natural resources.

A history of innovation

Built into the Group’s DNA, innovation at Pierre Fabre has many facets, but one common core: plants.

Innovation, at the heart of the Group’s strategy

Pierre Fabre develops innovative solutions inspired by nature and plants. This work is done in close collaboration with health care professionals, placing patients and consumers at the heart of the company’s research and development model. In line with the transformation plan, our R&D strategy has three major focal points for the coming years: strengthen innovation in oncology and dermatology using targeted therapies; rely on the complementary relationship between internal resources and external partnerships; and position the company as a leading partner for the development of products adapted to the specific needs of the European and Chinese markets.

Inventing increasingly green products

To constantly improve our protection of nature and people, Green Mission Pierre Fabre has launched in 2019 a tool for evaluating the Group's products, identifying four areas for improvement: eco-designing packaging, eco-designing formulas reducing the impact of manufacturing processes, and encouraging short supply chains – and a social component: support products made in France, fair trade, and the protection of biodiversity. Our goal is to have half of our products in our portfolio and all of our new products be eco-designed using this approach by 2023.

A partnership approach with high added value

Working as a team and combining internal and external resources enables new solutions to get to market faster. This strategic partnership created in 2019 with Memex BioPharma, a laboratory acquired in 2019 by Pfizer, perfectly illustrates the advantage of this policy. Thanks to this sharing of knowledge and resources, European patients undergoing treatment for melanoma with a mutation of the BRAF gene can now access a treatment that offers hope, in particular in inactive targeted therapy that combines two active molecule that have now been approved in Europe. A new targeted-therapy combination is in development to treat colorectal cancers that have the same mutation of the BRAF gene.
Creating value for all

1 WHAT MAKES US DIFFERENT
Maintaining the Group’s base in Occitania and contributing to the economic, social, and cultural success of this region are among the missions passed down to us by Mr. Pierre Fabre when he bequeathed the majority of the Group’s shares to the Pierre Fabre Foundation. This identity has remained strong through the years and represents a crucial factor that sets our company apart.

2 HOW IS THIS A STRENGTH OF THE GROUP?
With a profound attachment to its roots, the Group has built itself and continues to grow in Occitania. This is a major source of pride for the company’s employees. It is also a very distinctive characteristic in an increasingly digital and mobile world.

3 WHAT ARE THE BENEFITS FOR OUR STAKEHOLDERS?
As the biggest employer in France’s Tarn department, Pierre Fabre is intimately tied to the history of this region and is responsible for many economic, cultural, and social investments. This local base, combined with the promise of quality offered by products “Made in France,” contributes directly to the international success of the Group and its brands.
Listening to our stakeholders and exchanging with them are core components of how we work, as demonstrated by the relationships based on mutual respect that we have always maintained with health care professionals. To reinforce this aspect, which is a source of value-creation and innovation, our transformation plan calls for building stronger ties with patients and consumers.

**A constructive dialogue**

**THE MAIN EXPECTATIONS OF STAKEHOLDERS**
- Product efficacy, safety, and quality
- Support for the care journey
- Helping patients adhere to their treatment plans
- Transparency on the composition and naturalness of products
- Requirements for the social and environmental conditions of product manufacturing: “Made in France,” short supply chains, employee working conditions, respect for the environment, etc.
- Involvement in developing the products and services of tomorrow

**PATIENTS AND CONSUMERS**
- Patients, patient associations
- Consumers

**HEALTH CARE PROFESSIONALS**
- Pharmacists and pharmacy teams
- Family doctors and specialist doctors (dermatologists, oncologists, urologists, diabetes specialists, pediatricians, etc.)
- Allied health professionals (nurses, midwives, etc.)

**EMPLOYEES**
- Employees in France and internationally
- Interns, apprentices
- Applicants
- Employee representative bodies

**REGIONS**
- Local communities
- Local and regional representatives
- Suppliers
- Associations and NGOs

**The first collaborative integrated report**
Created in a spirit of sharing and collaboration, our first integrated report relied on an editorial committee that brought together employees from various Group departments (Finance, Communications, Green Mission, Strategy, etc.) as well as external stakeholders, including Marie-Ange Léophonte (Ligue contre le Cancer), Anne Audouze (Association Ichtyose France), Dominique Vidalhès (Pharmacie du la Tour in Castelginest), and Evelyne Haber (Ligue pour la Protection des Oiseaux). Their strong involvement demonstrates their attachment to the Group. It also highlights the benefits of having lasting relationships with the company, which is also a training and support, as well as better respond to their needs. Pierre Fabre wants to strengthen these ties to get the company’s stakeholders more involved in its strategic plan and in this way develop products that are increasingly aligned with their expectations.
INTERVIEW

Attentive to patients and consumers

How are you connected to the Pierre Fabre Group?

**Anne Audouze**

Our association has a close, long-term relationship with Pierre Fabre. This is especially important for us as a small organization because we receive no government support. Their support comes in the form of a financial and logistical partnership that is crucial to our ability to carry out our initiatives.

**Marie-Ange Léophonte**

As our non-profit and the Group are both cancer-fighting organizations that have long had a presence at the Oncopole site in Toulouse, we have always had a close relationship with the Pierre Fabre Group, regularly working with them on projects aiming to improve care for cancer patients. Our latest project we are collaborating on is the design by the Group’s botanical experts of a botanical garden at our future home for patients. This garden will have various plants that are beneficial for cancer patients.

What does the relationship look like in practical terms?

**M.A.**

The support we receive from Pierre Fabre has concrete effects on the lives of patients in several respects: we are able to offer our members and medical correspondents high-quality brochures and newsletters; Pierre Fabre helps cover our operating costs (transportation, room rentals, etc.); Pierre Fabre receives patients at the Avène Hydrotherapy Center, where they receive customized treatments for ichthyosis; they also organize a weekend event to bring families together. The Eau Thermale Avène brand also donates products to us for each of our general assembly meetings.

**M.A. L.**

Patients are at the heart of our actions. With Association Ichtyose France, we organize product formulation workshops, offer videos on patient care, and provide training on therapeutic makeup to improve patients’ quality of life. We collaborate with Ligue Contre le Cancer to help recruit patients for clinical studies and get them more involved in the planning thereof.

**Markéta Saint Aroman**

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How do you envision your relationship in the future?

**M.A. L.**

In the future, the Pierre Fabre Group has a real role to play in overall care for individuals, with care being more personalized. This will be true for cancer drugs, scalp and skin care during and after treatment, makeup, and more. One of the Group’s strengths is its close relationships with non-profits, which help the company collaboratively develop responses adapted to needs.

**M.S.A.**

Patients are increasingly active in the treatment of their illnesses. For this reason, we want to make patients true partners through close relationships with associations. Patients can be involved in discussions for the development of new drugs. They can also be involved throughout the life cycles of drugs. We can work with them to develop tools that meet their needs for example, to improve treatment compliance and to inform patients so that they better understand their illnesses.

**A.A.**

An increasingly close relationship with us... Indeed, that is one of the most important issues for the future.

**Events focused on eczema**

The lives of children living with atopic eczema are marred by flare-ups, periods of restlessness, fatigue, and regular care intended to treat and soothe their sensitive skin. Concerned about quality of life for eczema patients and content with the success of previous events held in Lyon and Paris, Ducray organized another HotopyDay in November 2019, this time in Toulouse. This morning event was organized in collaboration with the website Mums To Be Party to offer discussions and advice from eczema experts, in line with Ducray’s mission to offer treatments that change patients’ daily lives so that they can just live without worrying about their skin problems. The program included several workshops and interactive experiences, offering parents the opportunity to exchange advice, receive tips, and tools throughout the morning filled with fun and information.

**With TAVIE Skin, get optimized diagnosis and care thanks to digital technology**

To support patients throughout their cancer journey, the Pierre Fabre Group has designed an application that aims to inform, educate, and support patients suffering from metastatic melanoma and receiving targeted therapy. To best meet their needs, this digital tool was developed with representatives from patient associations from various European countries. The app, named TAVIE Skin, was launched in Portugal starting in June 2020, then in three other European countries throughout the rest of the year.
Optimized diagnosis
thanks to Dermaweb

Working closely with health care professionals

How would you sum up the patient-pharmacist relationship?

Dominique Vaissières
A pharmacist is not a merchant just like any other. We have a true mission to support patients and we care for our customers as if they were our family. With its medical expertise and commitment to quality, the Group is an essential partner for pharmacies.

Xavier Ormancey
From Pierre Fabre’s perspective, pharmacists must remain a trusted third party for patients and consumers. That’s actually why we like to have direct relationships with pharmacists.

How can we further strengthen connections with patients and consumers?

Dominique Vaissières
More than ever, we must maintain our close relationships with patients given a context of growing distrust, particularly due to the emergence of applications like Yuka. To do this, we need specialized information. As such, it is essential for use to have access to the full details of formulas, including active ingredients, excipients, etc. That way, we can promote product ranges that are truly eco-friendly. I also think that training for health care professionals is crucial. Thanks to Pierre Fabre, we have received excellent training on phytotherapy and aromatic plants.

Xavier Ormancey
Our Conscious Care program includes a design policy for our products: we are able to precisely describe the role, origin, naturalness, and environmental impact of each ingredient in our formulas. Starting in 2020, 63% of new projects will meet the Conscious Care criteria.

How do you view Pierre Fabre’s commitment to CSR?

Dominique Vaissières
In the longer term, I think it’s important to find out more about the concrete impact of the Group’s Purpose and its everyday commitments to sustainable development. For example, there’s a need to reinforce the consistency between the different products belonging to the same brand, particularly when it comes to the “no controversial ingredients” commitment.

Xavier Ormancey
Our Pierre Fabre Conscious Care products are formulated without controversial substances. They have fewer ingredients and more naturalness, while adhering to our requirements for safety and benefits for patients. By incorporating other fundamental aspects—origin of ingredients, traceability, biodegradability, non-eco-toxicity, etc.—we are going well beyond the idea of “Clean Beauty”: we end up with a much smaller environmental impact.

An OncoGuide to better advise patients

With new treatments that may be taken by patients at home coming on the market, pharmacists find themselves in a crucial spot for providing oncology support care. For these health care professionals, the challenge is to support patients psychologically, physically, and socially as they battle cancer.

To help pharmacists in their evolving role, we have developed a special reference: the OncoGuide. Written based on the expertise of the Group and of specialized contributors, this pharmacy guide provides all the key information needed to better understand cancer key figures, definitions, interviews with oncologists, patient care, the role of the pharmacist, patient psychology, drug treatments, side effects, support, and more. The OncoGuide is made available to pharmacists through a true partnership approach, in keeping with the spirit of our founder, who was himself a pharmacist.
Supporting our employees and helping them grow

What is the Group’s strategy for human resources?

Agnès Park

The company is founded on a deeply humanistic vision, in line with its values and purpose. The Group navigates through every manufacturing or economic challenge while taking care of its employees. Whether we’re talking about products, services, or relations with patients, consumers, partners, or employees, people are our top concern.

Catherine Barret Grevoz

After working at the Group for 27 years and going through a radical career change, I can certainly attest to that! I joined the Pierre Fabre Group in 1992 as a senior technician in neurobiology at the Péraudel site. After a first restructuring, I continued in that career, which fascinated me, in Campans. Then, that business line ended and I had to start a new chapter... it was a difficult choice, but one that ultimately paid off.

INTERVIEW

What support has been put in place for the transformation plan?

C. B. G.

After that business line ended, the company very quickly set up a program to help find new job opportunities and career exploration events were organized. I actually participated in four of them! They helped me understand the reality of different careers and helped me make choices.

A. P.

As a new chapter in the Group’s history, the transformation plan was written collectively. While the Human Resources Department is responsible for change management, the department must also support each individual by listening to employees and searching for individual or collective solutions.

How does Pierre Fabre help its employees grow?

A. P.

Our HR strategy is built around the vision shared by both employees and the company. We strive to develop the skills and employability of our employees and to be an inclusive company. And we’ve been successful at Pierre Fabre; many employees transition to new careers internally.

C. B. G.

That’s what happened with me. After a career discovery event, I applied for a position as an export logistics assistant and things moved rapidly from there. Not only did I receive a warm welcome from my new team, but I also benefited from several training sessions from the Lavaur Chamber of Commerce and Industry and in Paris. I feel very fortunate to have been able to stay with the Group in the Castres area. We have to trust the teams that support and assist us.

Sharing the wealth with Ruscus

With an original shareholding structure, the Group is mainly owned by the Pierre Fabre Foundation and by the Group’s employees. Indeed, today employees own 8.5% of the company’s shares. We have the company’s founder to thank for this situation: starting in 2005, he wanted employees to have a stake in the Group’s growth. By becoming shareholders, employees invest in a sustainable savings scheme. They also enjoy the fruits of the company’s growth, which is in turn connected to the value generated by their work. The employee shareholding plan called Ruscus has been expanded to cover nine other countries. The annual subscription campaign relies on an original mechanism: Ruscus representatives, who are employees across the company, hold informational meetings to answer questions from their colleagues.

INTERVIEW

On the front lines of the fight for gender equality

For the second year in a row, the Pierre Fabre Group earned a rating of 90/100 on the Index of Gender Equality at Work, an indicator that all French companies with at least 50 employees must publish annually. It’s a result that reflects the Group’s commitments to strengthening the position of women within the company, but also one that encourages us to go even further. In particular, Pierre Fabre earned the top score for three of the five criteria: the percentages of women and men who received pay increases in 2019, the share of women and men who were promoted, and the percentage of female employees who received a raise upon returning from maternity leave. With regard to the company’s pay gap and the percentage of women in the highest pay levels, Pierre Fabre received scores of 35/40 and 5/10, respectively.
INTRODUCTION
Taking concrete action within our regions

What contributions can a company like Pierre Fabre make to regions?

Serge Castan

In 1975, when Mr. Pierre Fabre acquired the Avène thermal spring, as he was developing hydrotherapy and dermo-cosmetics, it brought about the renaissance of the town. Many residents of Avène now benefit directly or indirectly from the wealth he generated.

Evelyne Haber

The Pierre Fabre Group is a major player in the economic and social activity in the region. By protecting the properties it owns, the Group sets a good example and shows the way for companies and local governments.

Julie Lions

The company is duty-bound to repay nature for all it has offered. For us, that means supporting the region where we’re located, as well as protecting and encouraging biodiversity, particularly by promoting environmental practices that are respectful of nature and natural resources.

How is the Group responding to your expectations?

E.C.

Our town benefits not only from the renown of the Avène brand, but also from the expertise of the Group’s employees with regard to the preservation of water resources, which is a key issue for our region.

E.H.

The Group turns to the LPO (Bird Protection League) when it encounters environmental issues. Two sites, Terre d’Avène and Avène, are LPO-certified bird sanctuaries. As proof of the company’s commitment to openness, we also participate in the work of the Green Mission Pierre Fabre consultative committee.

J.L.

Started by Pierre Fabre, the Botanical Expertise Committee is a CSR initiative that aims to develop innovative, safe, and effective plant-based active ingredients. We also have many concrete actions on our sites: wildflower meadows, LPO bird sanctuaries, no phytosanitary products used, water and energy savings, waste recycling, and more.

How can Pierre Fabre go further?

E.H.

Make a priority of getting new sites LPO-certified as bird sanctuaries. We actually have projects in progress at the Les Cauquillous site and at the Botanical Conservatory in Soual. Eventually, it would be nice to hold an open house to educate a wider audience. Another urgent matter: the reduction of waste generation, particularly plastic waste.

S.C.

Pierre Fabre came into our town over 40 years ago now with respect for our environment. For us, it is essential that the Group continue on the path of responsible growth while remaining a human-scale company.

Acumen of the Avène thermal spring water

In order to protect thermal spring water resources in the long term and more broadly, drinking water resources in the region, the Water Laboratory is working with the municipality of Avène, in partnership with players other than the municipality, to share knowledge and encourage the sharing of best practices and the implementation of more environmentally friendly practices. A series of diagnostics was carried out prior to the creation of this association. The Avène watershed covers 4,326 acres (1,740 hectares) of forest distributed across 238 owners. As such, it was subject to a forest diagnosis by the French National Forests Office. Similarly, the McInnis Department Chamber of Agriculture did a diagnostic in conjunction with the LPO farms in the area, with a view to implementing practices for preserving soil quality, water quality, and biodiversity.

A commitment to regions throughout the world

With ethics and environmental protection at the heart of René Furterer’s commitments, the brand chose to source pfaffia, or Brazilian ginseng, from its native lands in Brazil. Platfia is used in hair care products to prevent hair loss. René Furterer buys its pfaffia from a cooperative of producers certified for organic farming and fair trade. A dual commitment.

First, a social commitment, since René Furterer commits to only working with small-scale, local growers to improve their standard of living. Second, an environmental commitment as, by organically farming pfaffia, the brand promises to not resort to wild harvesting and therefore helps combat deforestation and protect local plant resources. By structuring its supply chain in this way, the brand guarantees a pure, more effective active ingredient for its consumers.

Protect the source of Avène thermal spring water

In order to protect thermal spring water resources in the long term and more broadly, drinking water resources in the region, the Water Laboratory is working with the municipality of Avène, in partnership with players other than the municipality, to share knowledge and encourage the sharing of best practices and the implementation of more environmentally friendly practices. A series of diagnostics was carried out prior to the creation of this association. The Avène watershed covers 4,326 acres (1,740 hectares) of forest distributed across 238 owners. As such, it was subject to a forest diagnosis by the French National Forests Office. Similarly, the McInnis Department Chamber of Agriculture did a diagnostic in conjunction with the LPO farms in the area, with a view to implementing practices for preserving soil quality, water quality, and biodiversity.

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Our approach to Corporate Social Responsibility was evaluated by the independent organization ECOCERT using the ISO 26000 standard. With a rating of 77%, we earned the Excellence level of certification, the highest level under the standards.

As proof of the sincerity of our actions with regard to our stakeholders, this exercise in transparency helps us evaluate ourselves and pursue the path of continuous improvement. While we intend, in the future, to capitalize on the many strengths highlighted by ECOCERT—the visionary spirit of our founder, our affiliation with a certified public-interest foundation, our commitment to all aspects of CSR, and our regional base in the southwest of France—that does not mean that we forget the areas where we need to improve: communicate more to the public about our CSR commitments, develop methodological benchmarks intended for the company's departments to improve their buy-in for sustainable development issues, and more. And let’s not forget, always improving our support for our partners in their CSR initiatives.