From health to beauty

PIERRE FABRE LABORATORIES
2013 ACTIVITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT
2013 was the year where we had to face up to the most difficult test since the creation of the company: the passing in July of our founding President, a visionary entrepreneur, who built this house stone by stone, "our house" as he liked to say. Through hard work, perseverance, and with the unique genius that spurred him on, Mr. Pierre Fabre led the company from a pharmacy to an international Group over the course of 50 years.

He leaves us an independent business, concerned about preserving its regional roots, driven by the strength to undertake, whose mission is to work from health to beauty, for the good and for the beautiful. As well as a real responsibility: continuing to build and develop a company all over the world that remains loyal to the values of its founder.
The history of Pierre Fabre Laboratories is first and foremost that of one man, a dispensary pharmacist and an enthusiastic entrepreneur. Mr. Pierre Fabre grew his dispensary into a pharmaceutical laboratory on an international scale, rooted in his home region and remained loyal to the humanist values that he always defended.

**1951**
Net sales €94k
- Purchase of the pharmacy on place Jean Jaurès in Castres (Tarn)

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

**1951**
- 3 employees

**1962**
- Net sales €5,685k
- 58 employees
- Founding meeting of Pierre Fabre Laboratories

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

**1968**
- Opening of the 1st research center in Castres

**1970**
- Net sales €84,635k
- 980 employees
- Opening of the 1st subsidiary in Spain

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

**1974**
- Purchase of the hydrotherapy center in Avène-les-Bains (Hérault)

**50 YEARS OF DEVELOPMENT FROM HEALTH TO BEAUTY**

**ENTHUSIASTIC ENTREPRENEURS**

One man, one company

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**58**
1989  
Launch of the anticancer drug Navelbine® from tropical periwinkle

1990  
Net sales €713,746k

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

1980  
Net sales €261,589k

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

2000  
Net sales €1,376,933k

2005  
Opening of the company’s share capital to employees

2009  
Implementation of an experimental HQE® approach for the expansion of the Soual plant

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

2012  
1st French company with over 10,000 employees to receive AFAQ 26000 certification, at "confirmed" level for sustainable development

2013  
Net sales €2,008,000k

2013 REPORT
One man, one company
ATTENTIVE TO PEOPLE
BEING CURIOUS ABOUT THE WORLD AROUND US TO MEET EVERYONE'S NEEDS
A humanist dispensary pharmacist, always ready to listen, Mr. 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. With his employees he had both a benevolent and challenging relationship thanks to which he was able to share with them his entrepreneurial passion to take care of as many people as possible. Today these values underlie our unique and original development model. They give meaning to our professional activity.
Mr. Pierre Fabre had a passion for plants. This passion came out during the presentation of various projects as well as during impromptu discussions. One day, at the time of a particularly difficult decision, he declared: “Do you realize what you are asking of me? It is as if you were to ask me to cut down a tree.” That said it all: 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. His fascination favored the living part of the plant, its history, its ties with mankind 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 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 rurality, to be able to make this little plant into an authentic active ingredient designed for fragile skin and recognized by dermatologists.
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. The French Championship title in 2013 was a victory for a club, a town, a company and an exceptional patron, Mr. Pierre Fabre.

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 m² 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 derma-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-ONCOPOLE
Built on the rubble of the AZF factory, the Oncopole project is a flagship for innovation and public health for the whole of the Midi-Pyrénées 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.
RESPONSIBLE GROWTH

PURSUING 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”
CARING FOR THE HUMAN BEING AS A WHOLE

In order to do this, we design and develop innovative solutions that contribute to people’s well-being, from health to beauty. We achieve this by cooperating with healthcare 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.

NET SALES

€2,008m

Pharmaceuticals

€910m

including €50m from industrial outsourcing

Dermo-Cosmetics

€1,089m

Other activities

€9m

France

€884m

International

€1,124m
3 KEY ACTIVITIES

- PHARMACEUTICALS
- HEALTH CARE
- Dermo-Cosmetics

3 PRIORITY AREAS OF RESEARCH

1. Oncology
2. Dermatology & Dermo-Cosmetics
3. Neuropsychiatry

7 THERAPEUTIC AREAS

- Oncology
- Ethics
- Women’s Health
- Neuropsychiatry
- Health
- Family Health Care
- Oral Health
- Natural Health Care
- Dermatology

9 DERMO-COSMETIC BRANDS

- A-Derma
- Eau Thermale Avène
- Ducray
- Elancyl
- Galénic
- Klorane
- René Furterer
- Glytone (in the USA)
- Darrow (in Brazil)

BOTANICAL EXPERTISE

- 20,000 Plant samples used in our research programs, the largest private collection in the world
- 3 to 5 New plant-based active ingredients developed every year
- Plant-based active ingredients from more than 220 plants
- 51 patented plant-based active ingredients
VISION & STRATEGY

PROFILE

KEY FIGURES
AS OF DECEMBER 31, 2013

10,000
EMPLOYEES WORLDWIDE

1 6,500
FRANCE

2 2,000
EUROPE

3 900
AMERICA

4 300
AFRICA

5 300
ASIA / OCEANIA

+ 1,500 external employees in China

SUBSIDIARIES
IN 44 COUNTRIES

PIERRE FABRE
PRODUCTS DISTRIBUTED
IN MORE THAN
130
COUNTRIES

INCLUDING
118
COUNTRIES FOR
PIERRE FABRE
DERMO-COSMETICS
with 63 distributors
and 2 joint ventures

AND
100
COUNTRIES FOR
PIERRE FABRE
PHARMACEUTICALS
with 180 partners
(distributors & licenses)
50 SITES IN FRANCE
25 SITES IN TARN

PRODUCTION CENTERS

- PRODUCTION AND PACKAGING OF PRESCRIPTION DRUGS AND HEALTH CARE PRODUCTS
  Gien and Château-Renard (Loiret)
  Bien Hoa Ville (Vietnam) - Areal (Brasil)
  Henderson (Nebraska - USA) - Tunis (Tunisia)

- PHYTOTHERAPY AND AROMATHERAPY
  Cahors (Lot)

- ASEPTIC CYTOTOXIC PRODUCTION
  Pau (Pyrénées-Atlantiques)

- HARD-BOILED PHARMACEUTICAL LOZENGES
  Aignan (Gers)

- DERMOCOSMETIC PRODUCTION AND PACKAGING
  Soual/Mazamet (Tarn) - Avène (Hérault)
  Bien Hoa Ville (Vietnam) - Areal (Brasil)
  Henderson (Nebraska - USA)

- PRODUCTION OF ACTIVE INGREDIENTS
  PHARMACEUTICALS, NUTRACEUTICALS AND COSMETICS
  Gaillac (Tarn)
  Palézieux (Switzerland) - Virrey del Pino (Argentina)

RESEARCH CENTERS

- PIERRE FABRE RESEARCH AND DEVELOPMENT CENTER (CRDPF)
  Cytotoxic molecules and targeted biotherapies
  Toulouse - Oncopole (Haute-Garonne)

- PIERRE FABRE IMMUNOLOGY CENTER (CIPF)
  Cancer biotherapies and monoclonal antibodies
  Saint-Julien-en-Genevois (Haute-Savoie)

- PIERRE FABRE RESEARCH CENTER (CRPF)
  Treatment of neuropsychiatric pathologies
  Castres - Péraudel (Tarn)

- PHARMACEUTICAL DEVELOPMENT CENTERS
  Saint-Augustin (Corrèze)
  Barcelona (Spain)

- DERMOCOSMETIC RESEARCH CENTER
  Toulouse - Vigoulet-Auzil (Haute-Garonne)

- CENTER FOR CLINICAL SKIN RESEARCH
  Toulouse - Hôtel-Dieu (Haute-Garonne)

- WATER LABORATORY
  Avène-les-Bains (Hérault)

DISTRIBUTION CENTERS

- DERMOCOSMETICS AND HEALTH CARE
  Muret (Haute-Garonne)

- PHARMACEUTICALS AND HEALTH CARE
  Ussel (Corrèze)

98% of our PRODUCTION is carried out in France
100% of our RESEARCH is carried out in France
200 HECTARES of farmland devoted to organic farming in Tarn
How do you see the company one year after the passing of its founder?

**Pierre-Yves Revol**: This ordeal has had a profound impact on all of the employees and even further afield. No one can claim to replace Mr. Pierre Fabre, in all of his dimensions as a creator, developer, leader and individual. The new organization of the Group is therefore decidedly collective with leadership teams called upon to complete additional tasks, all while respecting the management principles and values from which Mr. Pierre Fabre never wavered.

**Bertrand Parmentier**: Upon my return to the company in December, I was struck by the strength of the values that run through and unite it. These are what Mr. Pierre Fabre personally embodied at the highest level and passed on to those around him. A taste for hard work that was not satisfied by easy successes, a spirit for winning and innovation, a capacity for resilience, loyalty to our roots, social responsibility, to name the most important. Even the employees who did not know Mr. Pierre Fabre personally, and naturally there are increasing numbers of them, see themselves in these values and are inspired by them daily in their work.

Could you tell us a bit more about the organization of the Group?

**Pierre-Yves Revol (PYR)**: Nowadays, each one has found their place and plays a specific role in the new organization. The Foundation guarantees the Group’s independence. Pierre Fabre Participations ensures compliance with the continuity mission decreed by Mr. Fabre, approves strategy and appoints Group leaders. Pierre Fabre SA, meanwhile, manages the company and its people and develops operations, under Bertrand Parmentier. In addition, the expertise of the Pierre Fabre SA board of directors has been reinforced, particularly through the appointment of Jean-Luc Belingard as administrator and Jean-Jacques Bertrand as president. They are both leading figures with vast experience who already know the Group very well. Jean-Jacques Bertrand wanted to share with us his knowledge of the pharmaceutical industry and his foresight and we are very grateful to him for it.

What is your take on the results of the 2013 financial year?

**Bertrand Parmentier (BP)**: In an environment marked by the pursuit in Europe of public health policies that are unfavorable for the pharmaceutical industry and by
the strengthening of the euro which has penalized our competitiveness, we have nevertheless passed the symbolic milestone with net sales of 2 billion euros. Internationally, our net sales grew by 5.4% at constant exchange rates. The Dermo-Cosmetics branch has strengthened its positions, particularly in Asia, Latin America and in the Middle East, and as of now conducts 62% of its business outside France. The Pharmaceuticals branch has shown good resilience with stable revenue at constant exchange rates. Sales in France are dropping as a result of both price reductions and a market for smoking cessation which has been hit by the development of the electronic cigarette. On the other hand, our international activity has progressed and currently represents 41% of the branch’s net sales.

Are you optimistic for the future?

BP: We can take nothing for granted, but we benefit from a favorable environment and undeniable assets. We are operating in markets (cosmetics, pharmaceuticals, OTC) that are experiencing double-digit growth in all emerging countries. The Group has demonstrated that it can adapt to territories whose dispensing and distribution practices are far from the pharmaceutical model which prevails in France and in Southern Europe.

In terms of R&D, we have cutting-edge expertise in natural and biotechnological active ingredients for drugs and cosmetics. Our innovative strength is recognized, as can be seen from the accreditations obtained in the space of 9 months from the very demanding FDA for Fetzima™, in partnership with the American Forest Laboratories, and for Hemangeol™. We must, however, renew our pharmaceuticals portfolio, particularly through targeted partnerships, like the agreement recently reached with the Indian biotech company Aurigene in immuno-oncology.

PYR: The strength of our corporate culture, the plurality of our activities, the success of our dermo-cosmetics rooted in ethics and our independence with regard to financial markets are important assets at a time when regulatory policies in the field of pharmaceuticals are increasingly restrictive and international competition is intensifying, as has just been pointed out by Bertrand Parmentier. We must take advantage of our stability to make the necessary changes to our development model. Remaining faithful to our values means not being satisfied with the status quo.
VISION & STRATEGY

GOVERNANCE

GUARANTEING THE LONGEVITY AND INDEPENDENCE OF THE COMPANY

BOARD OF DIRECTORS

As of July 1, 2013
the Pierre Fabre SA Board of Directors
is made up of:

Standing from left to right
Jacques FABRE
Bertrand PARMENTIER - CEO
Pierre-Yves REVOL - Vice president
Jean-Jacques BERTRAND - President
Jean-Luc BÉLINGARD

Seated from left to right
Bruno BOUSQUIÉ
Philippe FAURE
Maître François CHALLEIL
Dominique BAZY

Absent from the photo:
Christophe LATOUCHE - Chairman of the Pierre Fabre employee shareholder plan supervisory board

MANAGEMENT COMMITTEE

Left to right:
Michael DANON - Senior Vice-President Legal, Pharmaceutical & Public Affairs
Eric DUCOURNAU - Dermo-Cosmetics Division CEO
Marc ALIAS - Director, Corporate Communications
Bertrand PARMENTIER - Group CEO
Luc PÉLIGRY - Senior Vice-President, Finance & Operations
Frédéric DUCHESNE - Pharmaceuticals Division CEO
Thierry DENJAN - Senior Vice-President, Human Resources
Pierre Fabre Laboratories has a unique shareholding structure that guarantees its continuity and independence, while perpetuating the humanist values of its founder. The majority shareholder is the Pierre Fabre Foundation. It has also developed its employee stock ownership plan, and employees thus form the second-largest group of shareholders. 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 (86%) through its affiliate 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. It 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 Mr. 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 goals over short-term financial results
- Maintaining the Group’s footprint in its birth region and its corporate social responsibility culture
- Allowing the Pierre Fabre Foundation to pursue its objectives through a suitable dividend payment policy

PIERRE FABRE SA
It is the Group’s holding company. It elaborates the Group’s overall strategy, consolidates and coordinates its activities, and hosts support functions and shared services. Its Supervisory Board is chaired by Jean-Jacques Bertrand. Pierre Fabre Pharmaceuticals and Pierre Fabre Dermo-Cosmetics are the main subsidiaries of Pierre Fabre SA, respectively in charge of the pharmaceutical and dermo-cosmetic businesses.

Acting selflessly, independently and for strictly humanitarian purposes, the Pierre Fabre Foundation, registered as government-recognized public-interest organization, has the main objective of improving access to medication and to quality health care in developing countries.

It has primarily involved itself in programs of action concerning:
- **THE TRAINING OF ACADEMICS AND HEALTH CARE PROFESSIONALS:** one of its priorities is to train future lecturers and researchers in pharmacy faculties in order to enable them to become advisors capable of passing on their training to future pharmacists, and also all health care professionals likely to serve the needs of their country and join the international networks of experts.

- **THE FIGHT AGAINST SICKLE CELL ANEMIA,** a serious genetic disease which predominantly affects the African continent: the aim is to help fight this disease by improving medical treatment for patients and hence reduce mortality and morbidity, and to contribute to improving knowledge of the disease among the general public and national and international public health authorities.

Since its creation in 1999, the Foundation has primarily intervened in the following countries: Laos, Cambodia, Vietnam, Madagascar, Senegal, Mali, Benin, Guinea-Conakry and Togo.
The Group’s shareholder structure, held in majority by a government-recognized public-interest foundation, offers us the necessary independence to fit our activities into a long-term vision and promote 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 2012, AFNOR Certification, an independent organization, assessed our CSR approach according to the AFAQ 26000 method and granted us the level “confirmed”, which was a first for a pharmaceutical laboratory and a French company with over 10,000 employees.

1st pharmaceutical and dermo-cosmetic laboratory & company with over 10,000 employees
AFAQ 26000 CERTIFIED according to the ISO 26000 international standard on corporate social responsibility
GOVERNANCE & ETHICS
The fact that our company belongs to a foundation that is recognized as a non-profit organization, and the values inherited from our founder including pharmaceutical ethics – that we make sure to place at the heart of our actions – 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 well-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 global challenge: promote access to health care and take positive action on health issues. In addition, we support charity projects supporting the same issues.

KNOWLEDGE & NATURE CONSERVATION
Nature is a source of inspiration, innovation and knowledge, 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 vegetable-based chemistry, respect for natural resources is profoundly rooted in our values.

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.

PEOPLE & REGIONS
We listen to our employees, our economic partners and local communities in the regions where we operate, we fit this dialog into a process based on constructive collaboration and a sense of co-responsibility. Employees and partners alike contribute to our impact and performance. In return, we support the professional development of our employees and contribute within our capacity to do so to the economic, social and cultural dynamism of the regions where we operate.

CODE OF CONDUCT
In accordance with regulations, we have set up an organization and resources dedicated to pharmacovigilance, medical information and cosmetovigilance. We also follow the main European and international guidelines on quality and processes, in particular the Good Manufacturing Practices and the Good Laboratory Practices. For the development and manufacture of dermo-cosmetic products, we draw upon the same standards of quality, control and vigilance as for pharmaceuticals whilst respecting their own requirements. To take the ethical dimension further into account, we have especially implemented charters of best practice (purchases, business practices, etc.).

FIND OUT MORE: SUSTAINABLE DEVELOPMENT

VOLUNTARY ASSESSMENTS AND RECOGNITION OF OUR RESPONSIBLE COMMITMENT

AFAQ 26000 ASSESSMENT
The company wished to measure the maturity of its practices by initiating a voluntary assessment process, AFAQ 26000. Developed by AFNOR CERTIFICATION, this assessment model is based on the ISO 26000 international standard, the first existing international standard when it comes to Corporate Social Responsibility. Audited in 2012, Pierre Fabre Laboratories was granted "confirmed" level, corresponding to level three out of the four. Through this process, we also want to encourage other companies to undertake this type of assessment.

OBTAINING THE A++ LABEL FROM THE CAHPP
Pierre Fabre Laboratories achieved the A++ label in the Pharmacy category, i.e. the highest level in the assessment scale for supplier CSR performance from the Public and Private Hospital Purchasing Body. With a score of 80 out of 100, Pierre Fabre Laboratories came at top of the rankings for pharmaceutical laboratories and were the only laboratories ranked A++ in the Nursing category which includes dermo-cosmetic products.
In 2013 Pierre Fabre Laboratories passed the symbolic milestone with net sales of 2 billion euros. A performance that was achieved while respecting the historical values of the company and its economic model. The Group 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.

In Western Europe, where we are still generating over 2/3 of our sales, we are managing to offset the stagnation of the pharmaceutical market thanks to the strength of the dermo-cosmetics market.

MARKETS
The global pharmaceutical market grew by 2.7% in 2013 to 970 billion dollars. Its evolution forecasts between 2014 and 2017 are estimated at 4% or 6% per year. Supported on the one hand by the launch of innovative products in mature countries, particularly in the field of cancer, and on the other hand by the growth of emerging countries estimated at between 8% and 10%, notably through the rise of new markets (Nigeria, South Africa, Algeria, Colombia, Saudi Arabia, etc.). This situation contrasts with that which prevails in Western Europe, particularly in France where the general pharmaceutical market once more dropped by over 2% in 2013 and is only partially offset by the increase in the hospital market.

The global cosmetics market reached 333 billion dollars in 2013, up 5.2%. The dermo-cosmetics segment is estimated at 16 billion dollars, i.e. approximately 5% of the global market. This segment is growing in all parts of the world, including in Western Europe and particularly in France. Its evolution forecasts between 2014 and 2017 are estimated at 6% or 7% per year, mainly due to strong projected growth in Asia, Latin America, Africa and the Middle East. China is now the world’s 2nd largest market behind the USA and could take the no. 1 place within 5 years.

"FROM HEALTH TO BEAUTY": 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. Pierre Fabre has a continuum of activities that run from ethical pharmaceuticals to dermo-cosmetic treatments, oral-dental hygiene, family health and natural health. 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 global therapeutic solutions allowing them to treat the main condition and its secondary effects. This is the case, for example, for hospital cancer services to which we offer dermatological treatment protocols helping to reduce the secondary effects caused by chemotherapy and radiotherapy.
COMPREHENSIVE MASTERY OF THE DRUG VALUE CHAIN

Another asset of the Group is its comprehensive and integrated mastery 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, anticancer pharmaceuticals (particularly in an injectable form) and hard-boiled pharmaceutical lozenges. These areas of expertise allow us to nowadays propose an industrial subcontracting integrated offer to the most demanding American, European or Japanese laboratories.

ORIGINAL AREAS OF GLOBALLY 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 active plant ingredients for both pharmaceuticals and dermo-cosmetics. To our knowledge, no other pharmaceutical or cosmetics laboratory brings together such a continuum of expertise in botany, agronomy, 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, over the past 15 years Pierre Fabre pharmaceutical research has become a recognized player in the field of targeted biotherapies (monoclonal antibodies, immunoconjugates, cell therapies). Cutting-edge biotechnology expertise upon which the dermo-cosmetics branch can also rely on when developing new skin care solutions based on biological active ingredients.
VISION & STRATEGY

PHARMACEUTICALS

PREFERRED PARTNER IN INNOVATION

Born from pharmaceuticals over 50 years ago, today we continue to develop our pharmaceutical activity with the drive to provide patients with therapeutic solutions in targeted areas: oncology, dermatology, women’s health, neuropsychiatry, family health care, oral-dental care and natural health care.

MAKING INNOVATION OUR PRIORITY

We dedicate a level of investment to R&D which is at the higher end of the industry: 17% of our pharmaceutical net sales in 2013 when the average for pharmaceutical companies is 15% worldwide (and 10% in France). Conscious of heavy investments that require the development of a new drug, we focus our efforts on 3 therapeutic fields: oncology, dermatology and neuropsychiatry.

Of these research areas, oncology is our top priority and we dedicate approximately 50% of our pharmaceutical R&D budget to it. Our Research and Development Center at the Toulouse Oncopole works on cytotoxic molecules and targeted therapies in cancerology. The Pierre Fabre Immunology Center (CIPF), in Saint-Julien-en-Genevois, is specialized in research on monoclonal antibodies with anticancer purposes. The two centers combine their expertise in the fields of the future: immunoconjugates 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.

BECOMING A RECOGNIZED PLAYER FOR OUR GROWTH FRANCHISES

Commercially, the Group has decided to organize itself around 4 growth franchises: Oncology, Ethics, Health and Dermatology. 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 Ethical franchise covers women’s health and neuropsychiatry, as well as the specialty Permixon® in urology. The Health franchise includes the areas of family health care, oral care and natural health care (Naturactive®). Dermatology products are marketed mainly by Pierre Fabre Dermatology which is one of the brands of Pierre Fabre Dermo-Cosmetics, thus contributing to the anchoring of this branch in ethical pharmaceuticals.

Of these growth franchises, we have defined three strategic priorities:

• The acceleration of our international development, first and foremost in oncology and dermatology, notably with the launch of Hemangiol® in the treatment of infantile hemangioma in Europe and the United States from 2014.

• The development of marketing partnerships and licensing agreements (licensing-in) in France and in Western Europe (Germany, Spain and Italy, etc.), as well as in various emerging markets, with priority given to Poland, China, Brazil, Mexico, the Maghreb and Sub-Saharan Africa.

910 MILLION EUROS
of net sales generated in 2013 by the Pierre Fabre Pharmaceuticals branch

No. 1
IN ORAL CARE
on the French pharmaceutical market
Pierre Fabre CDMO (Contract Development and Manufacturing Organization) provides other pharmaceutical laboratories with its industrial and scientific expertise in the development and manufacture of pharmaceutical products, as well as cosmetics, dietary supplements and medical devices.

Our skills are recognized internationally in various fields, in particular supercritical fluids, extraction and industrial manufacture of active ingredients of natural, biological or chemical origin, development and manufacture of hard-boiled pharmaceutical lozenges and the manufacture of injectable solutions for anticancer purposes.
As pioneers in ethical beauty, we provide innovative and focused solutions in terms of hygiene, care and beauty for skin, scalp and hair. Our products are designed and developed according to the most stringent efficacy and safety criteria, in close collaboration with pharmacists and dermatologists and with all the pharmaceutical rigor which is our trademark.

**RECOMMENDED PRODUCTS TO MEET THE SPECIFIC NEEDS OF EVERYONE**

Our dermo-cosmetic products are developed, clinically tested and manufactured according to the standards set out by the pharmaceutical industry. Often recommended by a dermatologist, they can assist or facilitate compliance with a drug treatment. 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.

1,089 MILLION EUROS
of net sales generated in 2013 by the dermo-cosmetics branch

No. 1
FOR DERMO-COSMETICS
in Europe, Japan and in China
STRENGTHENING OUR EUROPEAN LEADERSHIP AND OUR CHALLENGER STATUS ON A GLOBAL LEVEL

As leader of the dermo-cosmetics market in Europe and no. 2 worldwide, our ambition is to strengthen our positions by adapting to local distribution models wherever necessary, while maintaining our unique position of profoundly ethical beauty. To do this, we have made strategic decisions to:

- Internationally develop the brands Eau Thermale Avène, Ducray, A-Derma, Klorane and René Furterer in order to generate at least 75% of net sales from Eau Thermale Avène outside of France and 65% for the other brands
- Boost the ethical rooting of our dermo-cosmetics by pursuing the international development of Pierre Fabre Dermatology with dermatologists
- Pursue our differentiation strategy, particularly through Sterile Cosmetics, biotechnological active ingredients and ecodesign of products
- Continue to prioritize the pharmaceutical circuit and dermatologist endorsement, if need be by re-inventing the dispensary counseling model in countries without a strong pharmacist culture
- Intensify our international presence, starting with the Germanic countries, Northern and Eastern Europe, Turkey, China, Canada, Brazil and Mexico
- Promote the "designed and manufactured in France" aspect which presents a strong differentiation value on the global cosmetics market

STERILE COSMETICS

Since the 1990s, Group researchers and engineers have been designing a unique system for the manufacture of sterile treatments formulated without preservatives for the most demanding types of skin, in single-dose, single-use form. 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. It will make it possible to launch a new generation of treatments in 2009: Sterile Cosmetics.

Sterile Cosmetics, with its guarantee of efficacy and absolute safety for the most demanding skin types (baby's skin, hypersensitive skin, diseased skin and atopic skin) is to this day the only range to guarantee:

- Preservative-free treatments containing only the absolutely essential active substances
- A unique manufacturing process developed by Pierre Fabre researchers and engineers: sterilization of infusion forms as a result of sterile bulk packaging (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 during treatment

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

FIND OUT MORE
www.cosmetique-sterile.com
Through a network of subsidiaries in 44 countries*, including all the major emerging economies, and distribution agreements in over 130 countries, Pierre Fabre achieves nearly 60% of its sales on foreign markets. The company has nearly 3,500 employees outside of France, an increase of 50% between 2003 and 2013.

* As of March 30, 2014

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

Our international development follows the model which ensured the company’s success in France.

Whichever country in which we are located, the virtuous continuum – doctor, pharmacist, patient – prevails, inevitably for pharmaceuticals and 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.
**China**

**TOP 3**
China is among the top 3 international markets for Pierre Fabre Dermo-Cosmetics.

**x20**
The Eau Thermale Avène brand managed to multiply its geographical coverage by 20 in 10 years. It is now present in 230 Chinese cities and distributed in over 1,100 sales outlets.

**5 secs**
An Eau Thermale Avène product is sold every 5 seconds in China via one of the 1,500 consultants employed and trained by the brand.

**3.3 MILLION**
The number of members of the Eau Thermale Avène loyalty program who benefit from VIP services and offers.

**+25%**
Average annual growth of the oncology market in China.

**x10**
Pierre Fabre Pharmaceuticals aims to multiply its net sales in China by 10 between now and 2020.

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**Poland**

**TOP 2**
2nd largest dermo-cosmetics market in Eastern Europe and 6th largest European pharmaceutical market.

**3,000**
Out of 13,000 pharmacies, 3,000 are developing the dermo-cosmetics category.

**No. 1**
Eau Thermale Avène spray is the leader in its segment. Elancyl is the no. 1 brand of slimming products.

**20**
Established 20 years ago, the subsidiary Pierre Fabre Pharmaceuticals is based on three franchises: Oncology, Ethics, Oral Care.

**+10%**
The pharmaceutical market for oral-dental health care is growing by 10% each year and we hold an 11% share of the market.

---

**Mexico**

**TOP 6**
Mexico has gone from 16th to 6th place in the world for Pierre Fabre Dermo-Cosmetics subsidiaries in less than 5 years.

**No. 1**
Pierre Fabre is the leader in the dermo-cosmetics market (outside of Sanborns distribution channels) and no. 1 in the main segments of dermatological prescriptions: topical acne, oral acne, anti-hair loss, anti-aging, healing, spring water treatments.

**10 secs**
1 PFDC product is sold every 10 seconds

**+50%**
Increase in the number of units of Cyclo 3® venotonic sold between 2010 and 2013.

**TOP 5**
Mexico is the 5th country in our Oncology franchise due to the success of Navelbine® Oral.
FROM HEALTH TO BEAUTY

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AT THE HEART OF ONCOLOGY | 54

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”
MISSION

TAKING CARE OF PEOPLE

CARING FOR THE HUMAN BEING AS A WHOLE

In order to do this, we design and develop 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.
UN ACTIF NUIT INEDIT.
Elancyl innove avec le GP4G, actif booster d'activité cellulaire nocturne. Associé au complexe ultra destockeur* Cécropia-Caféine, le déstockage* est relancé.

UN AMINCISSEMENT CLINIQUEMENT PROUVE (1).
Dès 14 nuits, Cellu Slim Nuit réduit visiblement l'aspect de la cellulite, les capitons s'estompent, la silhouette s'affine.

UN SOIN PLAISIR.
Une crème généreuse aux huiles nutritives de Carthame et Onagre, spécifiquement conçue pour favoriser le massage, fervent allié de l'efficacité minceur. Le rituel du soir est dorénavant un geste beauté mesurable.

(1) Etude clinique : mesures instrumentales à 14 nuits auprès de 54 sujets.

* Test in vitro

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EST UNE SCIENCE NATURELLE

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PLUS MINCE
AU RÉVEIL

À l'extrait végétal de Cécropia
Soin amincissant intensif nuit
+Caféine
+ booster nuit GP4G

INNOVATION

AMINCISSEMENT

PROUVÉ

DÈS 14 NUITS

CELLU SLIM
NUIT

37

2013 REPORT
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, expert knowledge of active ingredients of natural or biological origin, and research into dermatology.

**IMAGINING FUTURE PRODUCTS**

**THE BENEFITS OF CROSS-FERTILIZATION**

- **NEURO-PSYCHIATRY**
  - Treatment of cancerous pain

- **BIOTECHNOLOGIES**
  - Imunoconjugates

- **ONCOLOGY**
  - Development of supportive care for patients being treated with chemotherapy

- **DERMO-COSMETICS**
  - Skin cancer treatment
  - Sharing knowledge on skin functions

**207 MILLION EUROS**
Invested in R&D in 2013

**17% OF PHARMACEUTICALS NET SALES**
Invested in R&D in 2013

**5% OF DERMOCOSMETICS NET SALES**
Invested in R&D in 2013
Pierre Fabre pharmaceutical research focuses its efforts and investments in three priority areas: oncology, dermatology and neuropsychiatry.

50% OF THE PHARMACEUTICAL R&D BUDGET dedicated to cancer research

3 MAJOR RESEARCH AREAS

**Oncology**: our cancer research concerns areas where medical needs are serious: solid tumors, in particular cancers of the breast, lung, colon, skin, digestive or urogenital tracts as well as onco-hematology, in particular lymphoma, myeloma, and above all leukemia.

**Neuropsychiatry** mobilizes our researchers around therapeutic solutions in the treatment of schizophrenia, bipolar disorders, neuro-degenerative diseases, depressive disorders and chronic pain.

**Dermatology** is at the crossroads of our pharmaceutical and dermo-cosmetic R&D. In the pharmaceutical domain, our current efforts mainly concern infantile hemangioma and oncodermatological diseases.

**A new therapeutic treatment for Javlor®**

Our oncology teams are currently working on new therapeutic treatments for Javlor® (vinflunine), an anticancer drug stemming from Pierre Fabre research and used as an antineoplastic agent on the bladder.

**Registration of Fetzima™ in the USA**

In collaboration with Forest Laboratories, in July 2013 we obtained authorization to place the product Fetzima™ (levomilnacipran) on the American market. Discovered by Pierre Fabre research, levomilnacipran belongs to the antidepressant class.

**Registration of Hemangiol® in Europe and the USA**

It was following the discovery of the effect of propranolol on infantile hemangioma by Christine Léauté-Labreze MD, dermatologist at the Bordeaux University Hospital, that Pierre Fabre Dermatology, from 2009, led the pharmaceutical and clinical development of a product dedicated to pediatric use. In early 2014, this product received American and European marketing authorizations.
DIVERSIFIED SCIENTIFIC EXPERTISE

The development of a pharmaceutical drug is a long and complex process which on average takes between 10 and 15 years, requiring 10,000 synthesized molecules to finally market one drug. Nowadays Pierre Fabre R&D concerns 4 mains areas of expertise.

**Natural substances**: plants and water are a source of multi-disciplinary scientific investigations with the aim of developing original active ingredients used in the fields of pharmaceuticals, family health or 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 clinical cases implemented during studies on patients, and are therefore highly predictive. Today this platform is an essential, competitive line of research, particularly in neuropsychiatry and oncology.

**Biotechnologies**: research into biotechnologies (biotherapies based on monoclonal antibodies and recombinant proteins) also make up the cutting-edge expertise of Pierre Fabre research. 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 meeting point of chemistry and biotechnologies, they currently represent 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, that of cytotoxic agents studied at Toulouse-Oncopole and the chemistry know-how of the teams in Toulouse and Castres (Péraudel).
PARTNERSHIP CULTURE

Pierre Fabre R&D meets part of their innovation needs through scientific and technology partnerships:

**Partnerships with public research institutions:** numerous agreements and sharing of additional resources unite Pierre Fabre Laboratories with French Faculties and Universities, as well as with public research institutions (notably CNRS, INSERM and CEA).

**Partnerships with private companies:** for large-scale development projects, R&D turns to the large groups of the pharmaceutical industry that have technological, human and financial capacities that are suitable for the size of these projects. The Group has also joined forces with innovative biotech companies, like the Indian company Aurigene, with whom a partnership concerning onco-immunology was entered at the beginning of 2014.

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**THE PIERRE FABRE IMMUNOLOGY CENTER**

The CIPF (Pierre Fabre Immunology Center) has scientific expertise that is world-renowned by the major pharmaceutical groups in terms of design, characterization and production of monoclonal antibodies with anticancer purposes.

In 2004, we signed a partnership with Merck focusing on the development of a monoclonal antibody for the treatment of cancer, in particular of the colon, pancreas and non-small cell lung cancer. In 2010, a license agreement was signed with Abbott Laboratories for the development of an extremely promising second monoclonal antibody in oncology. These early successes have led us to develop our own production unit for clinical batches of monoclonal antibodies in order to be able to lead the development of antibodies ourselves. This has been the case since the end of 2013 with the production of the first clinical batches of anti-CXCR-4 antibodies.

Pierre Fabre has therefore become the only laboratory in France to have on the same site a continuum between the research, development and production of clinical batches.

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**FIND OUT MORE**

www.cipf.com
Discover our other pharmaceutical R&D centers at:
To provide the most comprehensive offer of dermo-cosmetics, our researchers identify new active ingredients of natural, biological or chemical origin and explore the cutaneous and capillary mechanisms on a tissue, cellular and molecular scale. Supported by the pharmaceutical culture of the Group, they give priority to 5 lines of research and 7 areas of scientific expertise.

**5 LINES OF RESEARCH**

**Hydration:** finding the best active ingredients to optimize skin metabolism (control of epidermal homeostasis, resistance to different stresses, cellular repair, etc.).

**Skin reactivity:** researching active ingredients that are capable of limiting non-specific skin reactions, particularly in inflammatory dermatoses (acne, atopic dermatitis, rosacea and seborrheic dermatitis).

**Hyperpigmentation:** proposing new active ingredients for the prevention of pigmentary disorders (melasma or lentigo).

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

**Hair biology:** researching and choosing active ingredients and pharmaceutical forms that are best suited to the cellular and molecular mechanisms of the hair cycle.

**7 AREAS OF SCIENTIFIC EXPERTISE**

**Sterile Cosmetics:** a unique solution that offers formulas containing only the essential active ingredients for the most sensitive skin types and 100% preservative-free. The guarantee of a safe and effective formula throughout the duration of use.

**Preparations:** 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.

**Marine active ingredients:** in order to increase our access to original natural molecules, a mixed research team (Pierre Fabre, Pierre and Marie Curie University and CNRS [National Center for Scientific Research]), based in Banyuls-sur-Mer, is dedicated exclusively to the study of microbial marine ecology.

**Clinical evaluation of efficacy:** our Skin Research Center (in Toulouse) is working on understanding the mechanisms of the skin as well as measuring the efficacy and innocuousness of our dermo-cosmetic products.
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 highly predictive value for tolerance and effectiveness of active ingredients, these models fall into a transversal assessment logic (from in vitro studies to clinical studies in humans).

Sensory analysis: under controlled laboratory or actual conditions of use, user panels can be used to measure the signals perceived by the five senses when using our products.

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

Teams at the Skin Research Center (Toulouse - Hôtel Dieu) are focusing on:
- Fundamental research to improve the physiological understanding of skin and the mechanisms involved in its imbalances and therefore respond better to problems of aging, reactivity, barrier function and skin pigmentation.
- Objective measuring of cosmetic claims by different biophysical methods (cutometry, ultrasound, dermoscopy, fringe projection, confocal microscopy, raman, infra red or photographs).

The Skin Research Center is home to an Investigation Unit which, every year, carries out several hundred clinical studies (800 in 2013) which aim to provide evidence of the efficacy and safety of our products.

To date, only the efficacy of sun protection products is regulated, but Pierre Fabre Laboratories has self-imposed an objective assessment for the efficacy of their dermo-cosmetic products using clinical studies on people. These results make it possible to justify the truthfulness of our claims in order to not mislead health care professionals and users.
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 or beautifying.

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 treatments 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 and during which it loads up on minerals and oligoelements. 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 micro-organisms, 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 of Cultures 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 that organized by the explorer Jean-Louis Étienne on Clipperton Island deep in the Pacific.

DISCOVERING THE BENEFITS OF PLANTS

Convinced that the 253,200 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 Pierre Fabre Botanical Expertise, 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 into which research should be carried out, in particular phytochemistry, chemotaxonomy, epidemiology and high-speed screening.

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 OF KNOWLEDGE

Our interest in biodiversity allows us to contribute to the knowledge of flora and to its inventory. For example, in collaboration with Mrs. Sovanmoly Hul, Asian Herbarium specialist and responsible for conservation at the National Herbarium of the National Museum of Natural History in Paris, we recently indexed three new plant species, *Curculigo fabrei Hul*, *Solanum sakhanii Hul* and *Ardisia bokoriensis Hul*. Every year, we publish articles in scientific journals to share the state of our knowledge with the global community of botanical experts.

Rhealba® Oat, a unique active ingredient and exclusive to A-Derma, is emblematic of Pierre Fabre Botanical Expertise.

Rhealba® Oat grows in southwestern France, within a local sector and on our own land, in accordance with Organic Farming standards.

The Plantlets are the quintessence of Rhealba® Oat. These young shoots are brimming with active ingredients. It is after 12 weeks of growth that the maximum concentration in active ingredients, immuno-regulating saponins and anti-inflammatory flavonoids, is reached. Active ingredients whose concentration is so fleeting that it is at this very precise moment that the crop must be harvested in just 3 or 4 days. A brief moment that guarantees the optimal value of the extracts later produced on our Gaillac site, less than 40 km as the crow flies from the oat fields. The extracts are then sent to Soual, 45 km from Gaillac, to manufacture the finished products.

FIND OUT MORE

www.aderma.com/en/
At the heart of Botanical Expertise Pierre Fabre p.68
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 industry applies innovative processes, based on a progress initiative which constantly raises the standards and the overall level of quality.

**SPECIFIC KNOW-HOW**

**Active ingredients:** In its Gaillac (Tarn), Virrey del Pino (Argentina) and Palézieux (Switzerland) plants, Pierre Fabre ensures the production of active ingredients of plant, biological or synthetic origin for the pharmaceutical, cosmetic and nutraceutical sectors. The Group has leading-edge industrial expertise in fields such as extraction, hemisynthesis, chemical synthesis, plant cell cultivation and supercritical fluids. Checks are rigorously carried out at each development and production stage of the active ingredients.

**Cytotoxics 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 American Food and Drug Administration (FDA) in 1993.

**Hard-boiled pharmaceutical lozenges:** the production of hard-boiled lozenges for pharmaceutical products was the core business for the Aignan site (Gers). A continuous production technology that is unique in Europe.

**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 (like capsules, tablets and sachets), or as pastes and liquids.

**Paste forms and toothpastes:** up until now the Château-Renard site (Loiret) was specialized in the production of pharmaceutical toothpastes. This expertise is currently being transferred to the neighboring site of Gien. Château-Renard will gradually be reconverted to ensure the necessary growth driver for dermo-cosmetics.
Sterile Cosmetics and Dermo-cosmetics: the Soual site (Tarn), supported by the neighboring workshop of Mazamet, ensures the manufacturing and packaging of dermo-cosmetic products (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 significant investments made between 2011 and 2013, the two plants ensure the production of Sterile Cosmetic treatments in a sterile environment.

Faithful to their commitments in terms of ecology, Pierre Fabre Laboratories wished to make this project part of an experimental approach, HQE® (High Environmental Quality) aiming to optimize the environmental quality of the construction and use of buildings.

The exemplary nature of the new Soual site was highlighted by the French President for its inauguration on May 30, 2013. In his address, the President of France paid tribute to the Group’s industrial roots in its region of origin and presented “Pierre Fabre [as] one of the finest emblems of a French business success story.”

The site was expanded between 2012 and 2013 in order to address various issues:

- Anticipate changes in dermo-cosmetics and in particular respond to growing regulatory requirements
- Gain new skills for the production of Sterile Cosmetic skin care products
- Support the international development of dermo-cosmetics

Making up one of the leading French industrial projects over the last ten years, this extension required an investment of 50 million euros over 3 years and led to the creation of new jobs.
Pierre Fabre Laboratories is committed to improving the treatment, health and well-being of patients and consumers, by putting in place a continuum from prescription to advice. To carry out this mission, the Group forms partnerships based on trust all over the world and at home with health care professionals who are the best ones 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 our 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 can be advised and monitored, 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 with the patient the most suitable solution for their pathology or needs.

Of course, we apply this vision to pharmaceuticals but just as much 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.

**ATTENTIVENESS**

Providing support, from prescription to 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, as well as Club Dermaweb and Club Pharmaweb are two significant examples of this.

CLUB DERMAWEB AND CLUB PHARMAWEB

Club Dermaweb: Dermatology site for doctors

Club Dermaweb is a unique site for dermatology training and information for doctors. It offers medical content written up by experts, approved by a scientific committee and updated weekly. Club Dermaweb has been awarded numerous prizes and recommended by international scholarly societies. Available in three languages (French, English and Spanish), it has over 17,000 registered members in over 150 countries, including approximately 70% dermatologists.

FIND OUT MORE
www.clubdermaweb.com/front/en

Club Pharmaweb: Dermatology site for pharmacists

Club Pharmaweb supports pharmacists in giving dermatology advice. It offers comprehensive scientific content on dermatological conditions. The content is approved by a scientific committee and is regularly updated. The site offers free access for pharmacists and pharmaceutical personnel. It has almost 10,000 registered members in over 20 countries.

FIND OUT MORE
www.clubpharmaweb.com/front/en
Comprehensive treatment of patients also requires educational and preventive measures. In order to do this, we are developing programs that support the work of health care professionals. Our objective: avoid the deterioration in health of vulnerable patients due to serious or chronic conditions and help healthy individuals stay that way.

**PREVENTING SKIN CANCER**

The Eau Thermale Avène brand is involved in numerous actions worldwide:

- Supporting the Day for Preventing and Screening Skin Cancers in France, Spain and Mexico
- In partnership with the European Skin Cancer Foundation, a foundation which aims to develop knowledge of 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**

Pierre Fabre Health supports and develops numerous operations in this field, particularly in France and Portugal:

- Participating in World No Tobacco Day
- Developing the Nicostart website, a support website for tracking the process of giving up smoking
- Supporting the association "Tabac et Liberté" [Tobacco and Freedom] which is dedicated to providing doctors with information and training for smoking prevention and cessation for patients
- Organizing conferences to promote interdisciplinary exchanges between different health care professions and educational workshops for the general public on the subject of "Women smoking"
- Supporting and monitoring smoking cessation for our volunteer employees
PREVENTION IN ORAL CARE

Pierre Fabre Oral Care is developing different tools and events in various countries:

- Creation in Switzerland of the "Coach Oral Care" and "Oral Care Kids" apps on mobile phones
- Provision of educational tools in schools particularly in France, Bulgaria and Greece
- Creation of a play in Portugal and Bulgaria that is presented in schools to raise awareness about the importance of good oral-dental hygiene

MON-PARTENAIRE-SANTÉ.COM

Mon-partenaire-sante.com offers content in 19 therapeutic fields that is monitored and regularly updated by health care professionals. The site also provides internet users with a range of free services (pollen levels, reminder for taking birth control pills, etc.) to enable everyone to play an active role in their preventive health care. It also allows 22,000 French pharmacies to create and manage their own website. Mon-partenaire-sante.com is H.O.N Code certified and received the "Grand Prize in all categories" at the 2011 Festival de la Communication Santé [Health Communication Festival].

FIND OUT MORE

www.mon-partenaire-sante.com

FONATION FOR ATOPIC DERMATITIS

Since 2006, the Foundation for Atopic Dermatitis, a corporate foundation created by Pierre Fabre Laboratories, has been contributing to the financing of research work and clinical studies on atopic dermatitis. In addition, it develops and organizes educational initiatives and creates, produces and distributes information materials intended for practitioners, parents and children.

Examples of achievements:

- Taking part in the creation and development of 35 Atopy Schools in Europe, China, Colombia and Mexico to develop therapeutic education
- Creation of educational tools and brochures designed for health care professionals
- Taking part in the development of PO-SCORAD, a self-assessment tool for atopic dermatitis
- Participation, in France, Belgium and Italy, in Nationals Days for training on therapeutic education in atopic dermatitis
- Creation and management of the Foundation for Atopic Dermatitis website

FIND OUT MORE

www.fondation-dermatite-atopique.org/en
XeraCalm A.D is a new generation of emollients providing a radically innovative solution to individuals suffering from itching due to dry skin. This innovation was the result of 12 years of multi-disciplinary research and development to unlock the mysteries of Avène thermal spring water.

Aqua Dolomiae - Thanks to new investigation technology, in 2001 researchers at the Mixed Research Unit in Banyuls discovered the presence of microflora in Avène thermal spring water. This microflora, named Aqua Dolomiae, was then handed over to our researchers in microbiology and pharmacology. They would go on to show that Aqua Dolomiae holds numerous active molecules accounting for part of the anti-inflammatory and antipruritic properties of Avène thermal spring water. In collaboration with our biotherapy researchers, they developed tests that were used to select the most active molecular compound.

I-Modulia - The fraction thus chosen was called I-Modulia® and became the first biotechnological dermo-cosmetic active ingredient deriving from Avène thermal spring water. This active ingredient is at the heart of the XeraCalm A.D range.
For treating the most sensitive and reactive of skin types, Avène dermatological Laboratories takes thermal spring water from nature that is pure but rich in beneficial properties.

- At the heart of the Haut-Languedoc Regional Nature Reserve, spring water forms in an environment that is monitored and perfectly preserved, for which we take a lot of care.

- In respect of its purity and scientifically proven properties, the thermal spa, Water Laboratory and production unit are brought together on the same site as its source.

- A naturally protected source: the Avène impluvium, covering approximately 30 km², consists of 80% forest with a low level of human activity.

- Pure and regularly monitored water: an in-depth sample, away from any potential surface damage. 2,300 monitoring samples are carried out every year at the thermal spring water site.
Having been present in oncology for 25 years, Pierre Fabre Laboratories has made major advances in this therapeutic field:

- Discovery and marketing of cancer treatments using plant-based active ingredients
- Development of oral chemotherapy which improves the comfort of the treatment for both patients and for caregivers
- Treatment of diseases for which there were virtually no solutions such as non-small cell lung cancer at the adjuvant stage or second-line treatment for bladder cancer

Our two manufacturing plants for oncology products are certified by the American, European and Japanese pharmaceutical agencies (FDA, EMA and PMDA). They take charge of all of the manufacturing steps for Navelbine® (vinorelbine) and Javlor® (vinflunine). One is located in Gaillac (Tarn) for active ingredients, and the other in Pau (Pyrénées-Atlantiques) for formulation and packaging.
Research in cancerology is a priority for Pierre Fabre with programs focusing particularly on targeted biotherapies. Our research teams in cancerology are located at the Saint-Julien-en-Genevois site (Pierre Fabre Immunology Center) and at the Oncopole campus in Toulouse (Pierre Fabre Research and Development Center). Since 2012, this campus, that is unmatched in Europe, has been a certified National Center of Excellence for cancer research by the French department of Health and Research. It brings together public and private researchers, hospital clinicians and patients on the same site and thus encourages the emergence of therapeutic solutions that are better suited to pathologies and patients. The shorter the links are between research laboratories, doctors and patients, the quicker the latter will be able to benefit from the most recent and effective treatments.

At the start of the 1980s, Pierre Fabre Laboratories began working on anticancer research and formed a partnership with CNRS to develop an anticancer drug from tropical periwinkle: Navelbine®. As the first French anticancer drug registered in the United States in pneumo-oncology, Navelbine® embodies one of the Group’s major successes. Every year, over 100,000 patients are treated with Navelbine®.

Javor®, a new generation treatment, is also the result of a cooperative effort with CNRS on the therapeutic properties of tropical periwinkle.

Today our R&D teams are working to discover and develop natural molecules that are even more active and better tolerated.
RESPONSIBILITY & CITIZENSHIP

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BEING CURIOUS ABOUT THE WORLD AROUND US
"THE SAME ADVENTURE WHICH ALLOWS US TO SHARE STRONG VALUES"
Our Human Resources policy is rooted in the unfailing drive of Mr. 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.

**CREATING DEVELOPMENT OPPORTUNITIES FOR OUR EMPLOYEES**

The pharmaceutical and cosmetics industry is experiencing increasingly rapid economic, regulatory and technological changes which 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 2013. 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.

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. This university received over 1,000 employees from the Group in 2013.

**SUPPORTING INTERNATIONAL DEVELOPMENT**

To support our international development challenges, we have reorganized our HR teams both at the head office and locally with the creation of 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.

**International partnerships with the education system**: the Group has always worked very closely with the education system. We are now extending this long-standing commitment from France to our new territories, on the one hand by establishing partnerships with locally recognized players in education, and on the other hand by reaching out to our partners, French universities and schools located abroad.

- **7%** of the company’s share capital is held by employees
- **97%** of employees are shareholders in the 7 countries concerned by the plan
- **6.4%** of workers with disabilities in France
- **3,500** employees managed internationally
THE VALUES AT THE HEART OF CORPORATE CULTURE

The Pierre Fabre culture is built on 8 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.

- Pharmaceutical Precision
- Cohesion
- A Humanist Approach
- Innovation
- Environmental Friendliness
- Attentiveness in the Field
- Enthusiastic Entrepreneurship
- Performance Recognition

Pierre Fabre International Marketing School: 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 then join the company, often through positions under the Volunteer for International Experience program. We have also opened up this excellence in marketing course to talent coming from our international subsidiaries to help their integration and quick immersion into the culture and methods of the Group.

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.

OSHAS 18001 CERTIFIED SITES

We have chosen to obtain certification according to the OHSAS 18001 standard for our 2 main production sites for active ingredients, in Gaillac (Tarn) and in Virrey del Pino in Argentina, as well as at our Skin Research Center at Hôtel Dieu in 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.

OFFERING 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 implement measures to reduce and prevent risks in particular with regard to 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.

FIND OUT MORE

www.rh.pierre-fabre.com/en
It is a shared story, a story of places and people, but also a way of claiming one’s identity and taking pride in one’s difference: Pierre Fabre Laboratories has always shown willingness to share their development with the regions where they operate and more specifically their native land.

1st EMPLOYER IN TARN

1 OF 5 LEADING PRIVATE EMPLOYERS in the Midi-Pyrénées region

151 MILLION EUROS INVESTED IN THE PLANTS of greater southwestern France between 2009 and 2013

70% OF OUR PURCHASES made with French companies

TARN & MIDI-PYRÉNÉES, OUR NATIVE LANDS

Our company wishes to contribute to impacting the regions where we operate and share its development with the local communities. In order to do this, we support various projects, particularly in the Midi-Pyrénées region.

ECONOMY

Tarn Entreprendre: Mr. Pierre Fabre is at the origin of this association that was created in 1997. This association for helping new companies has supported the creation of 470 jobs and 122 social projects. 82 were still operating in 2013.

Installation of a high-speed network for southern Tarn: we are one of the founding shareholders of the mixed economy company, Intermédiasud, manager of the high-speed network, which has made the area of Castres-Mazamet a pioneer of the digital economy in France.

Cancer-Bio-Health competitiveness cluster: we are contributing to the coordination of this cluster which brings together all those involved in the fight against cancer in the Midi-Pyrénées region.

A player in the Cancéropôle Grand Sud-Ouest and the Oncopole cancer campus: born of the initial Cancer Plan, the Cancéropôle Grand Sud-Ouest is a vector for the research ambitions in oncology for the Aquitaine, Midi-Pyrénées, Languedoc-Roussillon and Limousin regions. Our R&D site is located on the Oncopole campus which is an integral part of the Cancéropôle Grand Sud-Ouest. This campus brings together players in oncology from the Midi-Pyrénées region.
A pioneer in the use of shea for its highly nourishing properties, our hair care brand René Furterer has implemented, in Burkina Faso, an ethical supply chain for shea butter with SOTOKACC, founded by Nathalie Ouattara, a company director who has committed to the economic and social development of her village. Through training and the transfer of knowledge, the hair brand has secured the local production chain and ensured traceability of high-quality shea butter, obtained without solvents or additives, blending African tradition and pharmaceutical culture. The brand has given SOTOKACC a mechanical press which now makes the tedious step of churning by the women of the village unnecessary. Through this project, René Furterer improved the working conditions of over 200 women in Burkina Faso. In the future, we will develop other fair trade labeled sectors.

EDUCATION
Partnerships with the education system: we form close ties with regional schools and universities to develop training programs, contribute to land-use planning and encourage the professional integration of young people, while helping us meet our skills requirements.

Sponsorship: among others, we support the Dépêche du Midi [regional newspaper] foundation and Cordées de la réussite [Roped together for success], a label created by the Ministry for Higher Education and Research. Our company is also a founding member of the non-profit foundation "Un avenir ensemble" [A future together] supported by the Lord Chancellor of the Legion of Honor. These three organizations mainly support sponsorship projects to support young people from modest backgrounds in their educational and professional careers.

CULTURE AND HERITAGE
Over the last few years our company has supported the Toulouse-Lautrec museum in Albi, the Goya museum in Castres and the modern art museum "les Abattoirs" in Toulouse. Thanks to the setting up of the Pierre Fabre University in the Abbey School of Sorèze, founded in 754, it has rediscovered its original educational vocation.

SPORT
We support various athletic associations in Tarn and we are the main partner of Castres Olympique, French rugby champions in 1993 and in 2013 and regular qualifiers for the European rugby cups.

FIND OUT MORE
www.karite-ethique.renefurterer.com/en
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.

**SHARING KNOWLEDGE**

In order to preserve and sustainably use nature’s treasures, it is first of all crucial to have good knowledge of them. Pierre Fabre Laboratories is convinced of this, so their researchers and experts are behind various initiatives for developing and sharing knowledge about plants and spring waters, particularly through exchanges with expert scientific institutions or local associations.

**WORKING HERE AND ABROAD**

**IN FRANCE**

In Soual (Tarn), Pierre Fabre Laboratories created a Botanical Conservatory, a place of research, protection and conservation. Nearly 1,200 plant species are represented, of which 40% are protected. In 2010, it became the 4th largest French scientific institution and the 1st private French organization to obtain CITES* approval. In 2012, its herbarium received international recognition from the New York Botanical Garden.

Another Group creation lies at the foot of the Cévennes: the Water Laboratory, 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 MADAGASCAR**

In the town of Ranopiso, Pierre Fabre has set up an arboretum, a botanical conservatory of which 90% of the plant species are endemic to this area of southern Madagascar. Open to the public, the arboretum is also a center for botanical expertise for Madagascar plants, in relationship with the Administration for Water and Forests.

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*Convention on International Trade in Endangered Species of Wild Fauna and Flora*
Since 2004, Pierre Fabre Laboratories has supported the Mohammed VI Foundation for research into and safeguarding of the Argan tree, particularly for its role in the conservation of Argan tree forest ecosystems in the regions of Essaouira, Tiznit and Taroudant, recognized as World Heritage of Humanity sites by UNESCO.

IN CAMBODIA

The product of the Joint Laboratory of the Phytochemistry team at the Phnom Penh Faculty of Pharmacy (University of Health Sciences, Cambodia), the collective work on Cambodian flora – 2,000 photographs, 524 species are presented – for the first time allows botanists, tourists and plant-world enthusiasts to learn about the unknown treasures of Cambodian flora and to find out how they are used locally. Through its vastness and the impeccable care taken by our experts to identify the plants in partnership with specialists from the finest herbariums in the world, this exceptional inventory makes the "Flore Photographique du Cambodge" a reference masterpiece.

Since 1994, the Klorane Institute has been focused on three primary missions:

- To protect endangered plant species, mainly through various partnerships (Botanical Conservatories and Gardens, IUCN, etc.)
- To explore the plant world in all 4 corners of the world in order to increase knowledge and research on biodiversity, through financial support for exploration and safeguarding missions
- To educate as many people as possible, and children in particular, about the crucial importance of plants through educational initiatives, the publication of appropriate teaching aids and the organization of botanical exhibitions and discovery days

The Klorane Institute also supports various forward-looking projects such as The Great Green Wall in Africa. Established in 2004, this project brings together 11 African governments to construct a belt of vegetation that is 7,000 km long and 15 km wide, from Dakar to Djibouti.

Its aim is to slow down the desertification and to combat poverty in the Sahel. A partner of this project, the Klorane Institute has committed to:

- Planting 30,000 date palms in 3 years
- Financing 3 doctoral theses at the University of Dakar
- Supporting an annual summer university right in the heart of the Sahel

In 2013 this program, conducted jointly with the Observatoire Hommes-Milieux [People-Environment Observatory] from CNRS (Tessékére - Senegal), received the business sponsorship trophy for the environment and sustainable development in the category "Energy and environmental research and foresight" awarded by the French Ministry for Ecology, Sustainable Development and Energy (MEDDE).
ENVIRONMENT

CONTROLLING THE IMPACT OF OUR ACTIVITIES

ENVIRONMENTAL MANAGEMENT

Our environmental strategy rests on two issues: saving resources and limiting discharges (water, air, waste), throughout the entire chain, 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. As part of this system, we make use of assessment tools such as carbon analysis, analysis of product life cycles and energy diagnostics to determine adapted environmental action plans. Our three chemical plants, Gaillac in France, Virrey del Pino in Argentina and Palézieux in Switzerland, are ISO 14001 certified for environmental management.

RESPONSIBLE PURCHASING

Ethics: the Purchasing Charter adopted by the company defines the rules of practice which guide the conduct of our buyers and govern relationships with our suppliers. Beyond the values of economic performance, the Charter defines values concerning the management of relationships with our suppliers, such as equity or particular attention given to suppliers committed to a proactive approach to sustainable development and local suppliers. In addition, in January 2011 we joined the charter of the Credit Mediation Office and the Association of French Purchasers.

Local purchasing: all fields of activity put together, approximately 70% of our purchase are made with French companies every year of which approximately 25% are in the immediate vicinity of sites where we operate.

Sourcing plants: we are drawing up supply contracts directly with farmers and harvesters based on the actual cost of production to guarantee them a minimum income irrespective of hazards and risks related to any crop production. Contracts are generally signed for a period of 3 years. Where possible, our agricultural engineers support them to enhance their technical expertise.

When it comes to sourcing plants, we respect the principles of the Group’s Purchasing Charter. In return, we encourage our suppliers to respect our provisions related to corporate social responsibility concerns (respect for human rights, respect for the environment, etc.). To ensure that commitments are complied with, our suppliers are audited at least every 4 years or more frequently according to the criticality of the plant (volume, geographical origin of the plant, part of the plant used, etc.).

FIND OUT MORE


20,000 m² OF INDUSTRIAL BUILDINGS integrated into the High Environmental Quality® experiment

200 HECTARES cultivated in Tarn in accordance with organic farming standards, certified High Environmental Value

12 PRINCIPLES OF GREEN CHEMISTRY systematically applied in the development of new processes at the Gaillac plant
In 2009, the Ducray brand completely reworked the design of its leading product, the "Extra Doux (Extra Gentle)" shampoo. Following this shampoo's life cycle analysis, our researchers first developed a biodegradable formula, without compromising on its styling qualities and retaining its original fragrance. The packaging was then modified to be recyclable. Finally, in 2012, Ducray reinforced the committed approach of its shampoo by contributing to the Zanbal project, thereby compensating for 100% of the greenhouse gas emissions related to its manufacture.

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A fully ecodesigned range, Klorane restorative desert date hair care products offer biodegradable formulas and ecodesigned packaging.

- Carrying out a life cycle analysis for each of the products making up the range
- Collection of desert date kernels with respect for the ecosystem and encouraging the development of a local economy in Senegal
- Extraction of active ingredients carried out using a green solvent at the plant in Gaillac (Tarn) with respect for the principles of green chemistry
- Formulation of silicone-free products and ensuring perfect biodegradability of products
- Packaging of shampoo in a bottle containing 50% recycled PET and reduced by 25% (an overall saving of 0.6 tons of plastic per year)
- Production of date extract, manufacturing of shampoo bottle and packaging of finished product all carried out within a 22 km radius in Tarn
- Raising awareness among the general public about sorting waste through a partnership with Eco Emballage

Klorane’s contribution to the challenges of sustainable development has been recognized by the independent organization ECOCERT. Klorane is therefore the first dermo-cosmetic brand to be ECOCERT 26000 certified.
ENVIRONMENTAL MANAGEMENT IN PRACTICE

MANAGEMENT OF RAW MATERIALS

Protecting the environment involves first and foremost sustainably and responsibly managing the raw materials we use, especially plants, through protection and conservation actions.

- **REDUCING INPUT**
  - 90% of plants are cultivated without phytosanitary treatments

- **HVE**
  - 200 hectares in Tarn certified High Environmental Value (HVE - Haute Valeur Environnementale)

- **SUSTAINABLE RESOURCES**
  - 99% of plants used by the Group have no impact on the sustainability of resources and no endangered plants are used

- **ORGANIC FARMING**
  - 30% of plants used by the Group are cultivated according to Organic Farming standards

- **VOLUNTARY FARMERS**
  - Participation in the wild pollinator observation protocol for the Biodiversity Agricultural Observatory (Observatoire Agricole de la Biodiversité) by installing nesting houses for solitary bees on sites in Gaillac, Soual and Terre d’Avoine in Tarn

- **BIODIVERSITY ASSESSMENT**
  - Biodiversity assessments carried out on the Soual, Gaillac, Avène and Bagnères-de-Bigorre sites and the Toulouse-Onkopole R&D Center

- **CONSERVATION**
  - Pierre Fabre botanical conservatory: 8,000 botanical plates and 1,200 species represented including 40% protected species. Ranopo Arboretum in Madagascar: 350 plant species preserved

- **RESEARCH & SHARING**
  - Since 2011 we are a member of the professional association FRANCE ECO-EXTRACTION whose objective is to encourage the sharing, development and dissemination of plant eco-extraction skills, methods and tools and to foster the emergence of innovative and collaborative R&D projects

- **GREEN CHEMISTRY**
  - The Group systematically applies the 12 principles of green chemistry in the development of new processes in its chemical plants

- **PLANT CELL CULTIVATION**
  - Development of the plant cell cultivation process, which follows the principles of green chemistry and makes it possible to use the biodiversity without harming it

- **SUPERCRITICAL FLUIDS**
  - Development at the Gaillac (Tarn) site of this cutting edge technology, which follows the principles of green chemistry

- **GREEN SOLVENTS**
  - 77% of our production processes for plant-based active ingredients use green solvents (water and ethanol)

- **RECYCLING OF SOLVENTS**
  - 99% of solvents are recycled in the production of the drug Permixon®

- **WATER MANAGEMENT**
  - 3 sites certified under ISO 14001: Gaillac, Virrey del Pino (Argentina), Palézieux (Switzerland)
  - A reduction equivalent to 35 Olympic swimming pools/year (90,000 m$^3$) by adding together the savings made by the Gien, Château-Renard, Pau and Soual sites

- **WASTE MANAGEMENT**
  - 73% of waste recycled at all industrial and R&D sites

- **ENERGY MANAGEMENT**
  - Energy diagnostics conducted on production sites
  - 19% less electricity used per ton of bulk products produced between 2009 and 2013 on the Avène site
  - The equivalent of 80% of our electricity consumption is produced from renewable energy sources (EDF renewable energy contract)

- **GHG* REDUCTION**
  - Carbon footprint assessment at the Pau, Gaillac, Avène, Soual and Muret sites
  - Reduction in refrigerant leakage
  - Establishment of short channels for the manufacturing and packaging of our products

- **AWARENESS**
  - Raising employee awareness of eco-friendly measures, such as sorting paper and best practice printing

- **ECODESIGN**
  - Continuous improvement of packaging (R-PET, FSC paper or PEFC)

- **ISO 14 001**
  - 73% of waste recycled at all industrial and R&D sites

*greenhouse gas
At our production and distribution sites, we implement action plans to reduce our energy and water consumption and reduce our carbon footprint and waste.

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*greenhouse gas

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**THE BIOMASS BOILER**

Cultivation and harvest of the Madagascar periwinkle, Serenoa repens and Rhealba® Oat plantlets; plants used to develop three major plant-based active ingredients of the Pierre Fabre Botanical Expertise approach

Extraction

of plants – Gaillac

Use of active ingredients to manufacture Navelbine®/Javlor®, Permixon® and A-Derma dermo-cosmetic products

Plant residue used as fuel

Biomass boiler

Soual production plant

Scrap wood chips from Tarn used as a fuel supplement

Production of heating and hot water for the Soual production plant

Production of heating and hot water for the Soual production plant

60% of the gas consumption replaced by renewable energy at the Soual production plant, thanks to the recycling of plant residue

Carbon footprint reduced by 1,600 tons of CO₂ per year
A primary source of inspiration for Pierre Fabre Laboratories, the plant world is an endless but delicate source of creativity. Wanting to play their 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 Pierre Fabre Botanical Expertise that is EFQM certified.

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

Of the 410 plant extracts used by Pierre Fabre Laboratories, almost 250 are included in the Pierre Fabre Botanical Expertise approach, including those used to develop the Group’s emblematic products and brands: Navelbine® and Javlor® (anticancer drugs), Permixon® (urology), A-Derma, Galénic, Klorane (dermo-cosmetics) and Naturactive (natural health care).

Pierre Fabre Botanical Expertise is the name given to our approach to 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 to 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

### Plants at the Core of the Group’s Many Products

- Rhealba® Oat >>> A-Derma
- Tropical periwinkle >>> Navelbine® and Javlor®
- Serenoa repens >>> Permixon
- Flax >>> Klorane hair care range
- Shea >>> René Furterer hair care range
- Ruscus >>> Cyclo 3 - Naturactive
- Moringa >>> Galénic treatment range

### AT THE HEART OF BOTANICAL EXPERTISE

Pierre Fabre

A CERTIFIED APPROACH FOR THE RESPONSIBLE DEVELOPMENT OF INNOVATIVE SAFE AND EFFECTIVE PLANT-BASED ACTIVE INGREDIENTS
THE FOUR FOUNDING PRINCIPLES OF THE APPROACH

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.

Guarantee
Proven efficacy of our plant-based active ingredients. High standards of quality resulting from our pharmaceutical culture.

Preserve
Sustainable preservation of botanical heritage and biodiversity, both sources of benefits - whether known or yet to be discovered - for the health and well-being of all.

Respect
A respectful approach to our partners, farmers, growers, suppliers, whose know-how contributes to the development of our expertise.
EVENTS

2013 2014
THE FRENCH PRESIDENT INAUGURATED THE EXPANSION OF THE SOUAL PLANT

The expansion will support the international development of our dermo-cosmetic brands, particularly through production workshops dedicated to Sterile Cosmetics.

In his address for the inauguration of the extension of the Soual plant, the French President paid tribute to Mr. Pierre Fabre and his company. He concluded his visit by reflecting on the reasons which explain why, in his opinion, "Pierre Fabre is one of the finest emblems of a French business success story."

VICTORY FOR CASTRES OLYMPIQUE

CASTRES: PLACE DE L’ALBINQUE RENAMED PLACE PIERRE FABRE

On December 17, 2013, the town council of Castres decided to rename Place de l’Albinque as Place Pierre Fabre, to pay a lasting tribute to our founding President who has left an indelible mark on his hometown.

TWENTY YEARS AFTER THEIR LAST TITLE, THE PLAYERS OF CASTRES OLYMPIQUE WON THE FINAL OF THE TOP 14 FOR THE 2012-2013 SEASON AGAINST RUGBY CLUB TOULONNAIS.
Approval granted in the USA for levomilnacipran discovered in Péraudel

Levomilnacipran, a treatment for major depressive disorders, discovered by our researchers in Péraudel (Castres), obtained MA in the United States in July under the name Fetzima™ in partnership with Forest Laboratories.

Eau Thermale Avène

Celebrated 10 years in China

First launched in Shanghai in 2003 and now present in 230 towns, the brand Eau Thermale Avène sells a product every 5 seconds in China!

XeraCalm A.D, launch of an exceptional care product

After 12 years of biotechnological research, Avène Dermatological Laboratories offered the first emollient care products which work directly on itching sensations. XeraCalm A.D benefits from a new multi-competent biotechnological active ingredient, l-modulia®, at the center of an emollient range for atopy-prone skin and skin subject to itching. XeraCalm A.D lipid-restoring balm and cream are manufactured in accordance with the strict charter of Sterile Cosmetics.

Italy: 6th edition of the Vividaria environmental project

Vividaria is an education project for protecting plant heritage. It was created in 2007 by the Italian subsidiary, in collaboration with the Italian Federation of Parks and Natural Reserves (Federparchi) and under the aegis of the Klorane Institute. Recognized by UNESCO, it is intended for primary school children (6-10 years old).

Paú: manufacturing for Roche

The manufacturing site for injectables in Pau has signed an important manufacturing contract for Cellcept with the Swiss laboratory Roche.

EFQM certification for the clinical and dermo-cosmetics cosmetovigilance center

To support brand development and promote our clinical expertise in dermo-cosmetics through a structured and constructive quality approach, this is the aim of the EFQM* certification for the Clinical and Dermo-cosmetics Cosmetovigilance Center. This labeling includes the OHSAS 18001* certification on health and safety in the workplace already obtained by the center.

*EFQM: European Foundation for Quality Management.
*OHSAS 18001: management system model for health and safety in the workplace.
CHINA: A PIERRE FABRE SCHOLARSHIP AT FUDAN UNIVERSITY

Pierre Fabre China signed an agreement for the creation of a “Pierre Fabre” scholarship with the French department of Fudan University, one of the most prestigious universities in China. This scholarship will enable the best students in the French department at Fudan University to continue their studies in France.

OPENING OF A NEW SUBSIDIARY IN SOUTH KOREA

Since February, we have been directly marketing our dermo-cosmetic brands Eau Thermale Avène, A-Derma and Ducray in South Korea.

ARGENTINA: PAPER RECYCLING TO BENEFIT THE GARRAHAM PEDIATRIC HOSPITAL

The Argentinian subsidiary is involved in a paper recycling program, created by the Garraham Foundation, which aims to raise funds for the Garraham pediatric hospital. Every month, the Argentinian subsidiary gathers together and sends waste paper for recycling. Our subsidiary’s participation in this program allows us to contribute to the hospital’s development (infrastructure, medical care, etc.).

ECODESIGN OF INA VA AND ELGYDIUM TOOTHBRUSH BASES

The new lighter bases of the Inava and Elgydium toothbrushes make it possible to save almost 24 tons of plastic per year thus reducing our annual carbon footprint by over 150 tons of CO₂.

PIERRE FABRE ONCOLOGY SUPPORTS THE ASSOCIATION LEUCÉMIE ESPOIR PARIS ÎLE-DE-FRANCE [PARIS LEUKEMIA HOPE]

To improve the quality of life for patients, in 2013 Pierre Fabre Oncology supported one of the Leucémie Espoir Paris Île-de-France association’s projects: to provide onco-hematology hospital services with rehabilitation bicycles.

SPONSOR OF THE 30TH ANNIVERSARY OF THE TOULOUSE FRAC

Our company sponsored two cultural events organized in Toulouse to celebrate the 30th anniversary of the Regional Contemporary Art Fund (FRAC): Les Pléiades, a major international exhibition bringing together the best of the collections from the 23 FRAC to Les Abattoirs museum and Les Reflets, in Matabiau station, giving pride of place to an iconic work (opposite) by French artist Franck Scurti.

PRO-ACTIVE FARMING

PARTICIPATING IN AGRICULTURAL MONITORING OF BIODIVERSITY

As farmers, we get involved in the Agricultural Watchdog for Biodiversity’s monitoring protocol for wild pollinators to contribute to the monitoring of a biodiversity indicator on a national level. In order to do this, we have set up solitary bee hives on our Gaillac, Soual and Terre d’Avoine sites.
INAVA SYSTEM, AN ANSWER TO GRIP DIFFICULTIES

Pierre Fabre Laboratories Oral Care has developed a toothbrush with an ergonomic foam handle for patients suffering with grip difficulty and symptoms of rheumatic diseases. An innovative health care tool that meets basic expectations that are not covered in oral care.

KLORANE FLAX: ECODESIGN RANGE AND 100% FROM TARN

The new range of Klorane volumizing hair care products is an ecodesigned range which uses Flaxseed. The Flaxseed is cultivated according to the principles of organic farming, the extract results from green chemistry, the formulas are biodegradable and packaged with 50% recycled PET. All of the plant cultivation operations, including extraction, formulation, production and packaging of products, are 100% carried out in Tarn.

TERRE D'AVOINE - LAND OF OATS

Opened in May 2013, an exceptional site entirely dedicated to the A-Derma brand and its active ingredient, Rhealba® Oat, resulting from Pierre Fabre Botanical Expertise.

PIERRE FABRE AGRONOMICS CERTIFIED HIGH ENVIRONMENTAL VALUE

As part of the Pierre Fabre Botanical Expertise approach, Pierre Fabre Agronomics, which runs the organic farming operations spanning 200 hectares in Tarn (Oats, Calendula, Cornflower, etc.), has received High Environmental Value certification. Pierre Fabre Agronomics, created at the end of 2011, has become the first farming operation in Tarn to be integrated in this approach.

PIERRE FABRE RECOMMENDED BY ITS INTERNS!

JobTeaser, the recruitment site for students from graduate schools and universities, has awarded our company the "stageAdvisor" label which rewards "companies where interns and apprentices are happiest".
In June 2014, the international distribution site in Muret celebrated its 40th anniversary. Every year, 1 million orders are processed and dispatched from the site in Haute-Garonne which covers all dermo-cosmetic and family health care products sold worldwide by Pierre Fabre.

LAUNCH OF THE REFORESTATION OPERATION IN MADAGASCAR

To contribute to the fight against climate change, at the beginning of 2014 Pierre Fabre Laboratories financed a reforestation project. The project involves planting 20,000 trees in Ranopiso (Madagascar) as well as monitoring them and maintaining them over 10 years. The planting of these trees will ensure carbon offsetting of the annual industrial production of Javlor® and Navelbine®, two tropical periwinkle-based anticancer treatments cultivated in Madagascar and India.

A-DERMA MAKES A COMMITMENT TO CARBON OFFSETS

On May 14th, 2014, A-Derma, Pierre Fabre Agronomics, the Tarn region’s “Arbres & Paysages tarnais” (Trees and Countryside Association) and the Midi-Pyrénées regional agency for sustainable development (ARPE) signed a “carbone local” agreement concerning the planting of almost a kilometer of mixed hedges around oat fields in oat growing areas (Puylaurens). These hedges will allow A-Derma to offset CO₂ emissions related to the industrial manufacturing of the Exomega range in France.

PIERRE FABRE, SPONSOR OF THE 50TH ANNIVERSARY OF DIPLOMATIC RELATIONS BETWEEN FRANCE AND CHINA

Present on the Chinese market since 1996 in oncology and since 2004 in dermo-cosmetics with the Avène brand, Pierre Fabre joined in with the celebrations for the 50th anniversary of diplomatic relations between France and China, alongside about forty large sponsor companies.

MURET SITE CELEBRATES 40 YEARS OF INTERNATIONAL DISTRIBUTION

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ATOPIC DERMATITIS INTERNATIONAL WORKSHOPS ON THERAPEUTIC EDUCATION

The 3rd edition of International workshops on Therapeutic Education, organized by the Foundation for Atopic Dermatitis, took place in Athens on May 8 and 9, 2014. Intended for health care professionals involved in therapeutic education and partners of the Foundation, this year’s event brought together over 200 participants from 22 countries.

2013 REPORT
REGISTRATION OF HEMANGIOL® IN EUROPE AND THE USA

In March 2014, Pierre Fabre Dermatology received approval from the Food and Drug Administration to place the pediatric drug Hemangeol™ on the American market for the treatment of infantile hemangioma. In May 2014, the European Pharmaceutical Agency authorized putting the same product on the market, for the same treatment, under the commercial name Hemangiol®.

THE 50TH ANNIVERSARY OF THE GIEN PLANT

On March 15, 2014, Gien (Loiret), the Group's largest pharmaceutical production site celebrated its 50th anniversary in existence and marked its 20th anniversary of being a part of Pierre Fabre Laboratories.

LICENSING AGREEMENT WITH AURIGENE

On February 12, 2014, Pierre Fabre Pharmaceuticals and Aurigene, an Indian biotechnology company, signed a licensing agreement concerning a new product which represents a new therapeutic approach to immuno-oncology.