

INTEGRATED REPORT **2021**



Pierre Fabre



**F**or the second year in a row, the Pierre Fabre Group is publishing its integrated report, providing an overall view of the way it creates value for everyone.

The previous edition looked in detail at the launch of our Transformation Plan for the 2020-2023 period and the formalization of our Purpose: "Every time we care for a single person, we make the whole world better."

This Purpose guided us throughout 2020 and the health crisis that we are facing so that this would not stand in the way of implementing our Transformation Plan. Far from being put on hold, this plan took the form of concrete projects, shining a light on the way in which we combine financial results and extra-financial performance. After all, creating value only has any worth when it is shared by everyone.

This second integrated report also pays particular attention to a specific feature of our economic model: our comprehensive approach to health care – prevent, treat, and support. This is a triptych that only a group that is simultaneously committed to therapeutic treatments, natural health and dermo-cosmetics can afford to pursue, in line with the expectations of the world of health, patients and our consumers.

Just like last year, this document has been drawn up in close collaboration with the Group's leaders and its employees, as well as representatives of its stakeholders, forming the Editorial Committee. This joint construction reflects our approach of transparency and sincerity.

**Eric Ducournau.**  
CEO of the Pierre Fabre Group

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

### Use these icons to navigate the Integrated Report

#### Stakeholders



#### Pillars of the Transformation



#### Activities



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### **Governance guided by the public interest**

*The Group shareholding structure that is unique in France. It is the reason behind our independence, allowing us to pursue a two-fold goal: reconciling long-term growth and public interest, in accordance with the wishes of our founder.*

### **A Transformation Plan at work**

*Pierre Fabre continues to pursue its strategic priorities, as defined both in the Transformation Plan launched in 2019 and in its CSR program, Green Mission Pierre Fabre. Innovation, agility and managing our impact are the watchwords of our daily work.*

### **A global approach to health care**

*The Group boasts an original business model that ties in with its profoundly humanistic Purpose. Our medical expertise combined with a quest for naturalness are what guide our Medical Care and Dermo-cosmetics & Personal Care divisions in a global approach to health care.*

### **Our contribution to a better world**

*Every day, we work alongside patients, consumers, health care professionals, our employees and even our local communities, with the aim of helping everybody to live better.*

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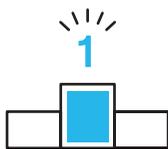
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DERMO-COSMETICS  
LABORATORY IN THE  
**WORLD**



**LEADER IN FRANCE**  
FOR OVER-THE-COUNTER  
PRODUCTS  
SOLD IN PHARMACIES



NUMBER OF EMPLOYEES

**9,650**



NUMBER OF COUNTRIES  
IN WHICH  
PIERRE FABRE PRODUCTS  
ARE DISTRIBUTED

**116**



2020 REVENUES

**€2,265<sub>m</sub>**



**100 %**

NEW PRODUCTS IN 2020  
ECO-DESIGNED

**REVENUES**  
FRANCE VS.  
INTERNATIONAL

*France*

**€787<sub>m</sub>** i.e. **35%**

*International*

**€1,478<sub>m</sub>** i.e. **65%**



**REVENUES**  
BY DIVISION

*Medical Care*

**€984<sub>m</sub>**

*Dermo-cosmetics  
& Personal Care*

**€1,216<sub>m</sub>**

*Other  
activities*

**€65<sub>m</sub>**



**€127<sub>m</sub>**

INVESTED IN R&D



## Our Purpose in action in 2020

- Deployment of Purpose workshops: more than 3,000 employees in France and in 12 subsidiaries participated as teams in workshops for adopting the Purpose, in order to put it into practice on a daily basis
- Signing of a partnership with the EspeRare foundation with a view to developing and marketing an innovative treatment for XLHED, a rare disorder affecting 500 infants every year
- Signing of the Act4Nature International charter, an alliance of companies, public authorities, scientists and environmental associations with a shared ambition to protect, promote and restore biodiversity
- Partnership with the association Diversidays. As part of the "DéClics Numériques" program for access to digital professions for young people from diverse backgrounds, 10 Pierre Fabre mentors supported participants in their search for employment, and 2 work placement contracts have been signed
- Launch of a clinical trial for a monoclonal antibody targeting the VISTA immune checkpoint in patients with relapsed or refractory solid tumors
- Almost 80,000 pieces of Personal Protective Equipment or Hydroalcoholic gels and almost 112,000 Dermo-cosmetic products have been distributed to more than 215 health care institutions (hospitals, residential care homes for senior citizens, nurses, medical center , etc.)
- Production launch in Gaillac (Tarn) of the new TriAsorB sun filter patented by Pierre Fabre, which reproduces the photoprotective power of melanin and is eco-friendly for marine biodiversity

## Our purpose

Which we adopted in 2019, reflects the Group's identity and brings together all employees around shared objectives. Despite a completely unprecedented context, the year 2020 enabled us to give substance to this guiding principle. This is evidenced by our commitments and concrete achievements.

*Every time we innovate to help each person live better...  
Every time we repay nature for her treasures... Every time we share the fruit of our efforts with those working and living beside us... Every time the Pierre Fabre Foundation improves access to health care for those most in need...*

### A promise of commitment



#### PATIENTS & CONSUMERS

Innovative and accessible solutions, from health to beauty



#### HEALTH CARE PROFESSIONALS

Close and trust-based relationships and partnerships

### OUR PURPOSE

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



#### EMPLOYEES

Priority attention given to well-being and quality of life at work



#### REGIONS

Contribution to the vitality of the regions in which we are present and in developing countries through the Pierre Fabre Foundation

# Governance

# OUR governance IN THE EYES OF...



*“The Pierre Fabre Foundation is the cornerstone of the entire organization which, as well as having its own missions, ensures that the Group remains independent while respecting its values. This unique model means we can adopt an individual approach to our strategy of bringing medicines to patients: it gives us the chance to ensure our actions are long term and guarantees our impeccable ethical conduct. For us employees at Pierre Fabre, this original shareholding structure is synonymous with good sense and daily pride.”*

**François Denjean**

*Corporate Medical Director, Oncology*



*“A bigger deal should be made out of the Pierre Fabre Foundation and the fact that the Group belongs to this Foundation which endeavors to provide access to health care for the most disadvantaged populations. For us pharmacists, this unusual model is not only reassuring but also means we can forge special, close relationships. You get the sense that dialog is welcomed, that the Group can choose what projects to pursue. Of course there is still work to be done to meet the needs of pharmacists, especially in terms of sustainable development, but this strategy of dialog and a long-term approach will guarantee ongoing improvement.”*

**Dominique Vaissières**

*Pharmacy - Owner of Pharmacie de la Tour, Castelginest (in France's Haute-Garonne department)*

## EDITORIAL FROM COMPANY LEADERS

# The company has proven its ability to adapt



**The first year of implementing the Transformation Plan unfolded against the backdrop of an unprecedented health and economic crisis. How would you sum up this extraordinary year?**

**Roch Doliveux:** This year was particularly impressive! Despite the scale of external challenges, I was struck, just like the whole Supervisory Board, by everyone's ability to come together to respond to the pandemic and its economic impacts, while at the same time implementing the transformation.

**Pierre-Yves Revol:** This period we are currently experiencing requires us to be highly responsive and agile. The company has demonstrated this, for example through implementing a cost-saving plan which has enabled the impact of the loss of business on the operating result to be offset. Equally, we should not overlook its role as a socially responsible company, helping a number of health establishments, either directly or through the Foundation, with donations of health care products and masks, for example.

**Eric Ducournau:** First and foremost, we were pleased to have been able to ensure the health safety of employees within the company during this period. Secondly, we were pleased to have been able to ensure service continuity regarding patients and customers, especially in the

field of pharmaceuticals, and I'm referring in particular to those who use our cancer treatments. Lastly, we stayed on course with our Transformation Plan, particularly in terms of deploying our new information systems and changes in the organization. The company's employees have shown their commitment and ability to adapt during this highly complicated period.

**How did 2020 demonstrate the sincerity of Pierre Fabre's Purpose?**

**RD:** Our Purpose keeps us going on a daily basis, and the way the company came together to respond to the pandemic demonstrated its strength. It is also what guides our strategy and our decisions, and the way in which we implement them, whether they be investments, product launches, R&D projects, etc. The transformation projects undertaken in 2020 also make this guiding principle a reality.

**ED:** As an example, in December we entered into a partnership with the EspeRare Foundation to develop research on XLHED, a serious genetic disorder with a dermatological impact, which affects around 500 infants every year worldwide. Acting on this rare condition is a concrete representation of our Purpose: "Every time we care for a single person, we make the whole world better."

*"We have set ambitious goals for ourselves to achieve by 2022: triple our operating profit, have 70 % of our business outside of France, and rebalance our portfolio between pharmaceuticals and dermo-cosmetics."*

**Eric Ducournau,**  
CEO of the  
Pierre Fabre group

**PYR:** I would like to focus on the fact that, despite the current difficulties, the company has continued to provide the Foundation with the means to develop its action programs in developing countries and, in particular, to build on its joint programs with Dr. Denis Mukwege, 2019 Nobel Peace Prize laureate, in the Democratic Republic of the Congo and in the Central African Republic, where they resonate particularly strongly.

### What are your expectations and the Group's goals for 2021?

**ED:** The current financial year must be put to good use in order to get back on the path to growth in Dermo-Cosmetics & Personal Care. To achieve this, we can build on our Conscious Care\* approach and a number of product launches representing our "Medical and Naturalness" positioning. In addition, we will focus on continuing to deploy our new products in oncology, which have lived up to our expectations. I am convinced that we have paved a promising future for the company. Beyond our goals for performance and results, we will be expanding our Green Mission approach by paying particular attention to two elements: reducing the carbon intensity of our activities, and the eco-friendly and socially responsible design of our products. Lastly, we will focus on the company's cultural transformation, in particular by adopting new ways of working. We must

achieve greater simplification and cross-functionality, an essential condition for the success of the Transformation Plan.

**RD:** Adoption of the transformation underway is, of course, essential. We must make further progress in terms of empowerment, decision-making and initiatives. While a crisis is often synonymous with withdrawal and putting up protective barriers, 2021 and the years that follow will need to be years of conquest and from growth to ensure our competitiveness, which is a guarantee of continuity.

**PYR:** Priority will be given to continuing with the transformation implemented by the company's management with the aim of restoring strong growth for dermo-cosmetics business and, first and foremost, its flagship brand Eau Thermale Avène, consolidating our launches in oncology and, in another area, enabling employees to take greater ownership of the Foundation's actions.



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

**Roch Doliveux,**  
Chairman (non-executive)  
of the Pierre Fabre Group  
Supervisory Board



*"Having a Foundation certified as a French 'public interest' organization as our majority shareholder guarantees a long-term vision for the company in line with the spirit and humanistic values that are part of our DNA. This is a real advantage in this period of transformation."*

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

\*See page 20

## The Foundation and the company's employees: the group's only shareholders

The Pierre Fabre Group has a governance structure that is unique in France, and guarantees its independence and long-term vision: the Pierre Fabre Foundation and the company's employees are its only shareholders.

### 86%

Share of employees subscribed to the Ruscus shareholder plan in 2020  
(5,941 subscribers in 10 countries)

### A Foundation as a majority shareholder

Recognized as a French "public interest" organization, the Pierre Fabre Foundation holds 86% of shares of Pierre Fabre SA. As the Foundation is focused on its public interest mission, it delegates supervision of the Group's management to Pierre Fabre Participations. The Group's management appoints the company's key leaders in keeping with the values passed down from its founder and his passion: ensuring the Group's independence and its sustainability, and pursuing the development of its two long-standing activities, dermo-cosmetics and medical. This is a long-term vision that should be based on creating sustained value while protecting the company's local presence.

### 5.75%

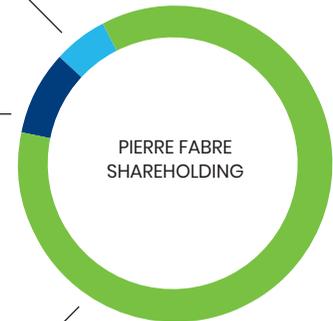
TREASURY STOCK

### 8.25%

EMPLOYEE SHAREHOLDING

### 86%

PIERRE FABRE FOUNDATION



### A public interest mission to support those who need it most

For more than twenty years, the Pierre Fabre Foundation has been working with communities in developing countries in order to improve access to health care and, more specifically, to commonly used drugs. Its key areas of action and research include training of specialists in pharmaceuticals and dermatology and combating sickle-cell disease, the most prevalent genetic disease worldwide and the 4th leading pandemic in Africa. Despite the health crisis, the Foundation has upheld its commitment, in particular in Bangui (Central African Republic), with the opening of a dedicated center for victims of sexual violence that will be able to receive about 3,240 patients. Faced with the COVID-19 global pandemic, the Pierre Fabre Foundation has supported its partners in developing countries by providing them with hydroalcoholic gel as well as FFP2 masks, an action that, for the first time, has been extended to France. Lastly, in October 2020, it held its 5th eHealth conference in developing countries, dedicated to "The Role of Information and Communication Technologies in fighting pandemics." 3,000 internet users, from around twenty countries, took part.

### Bringing together and involving employees

Employees are the Pierre Fabre group's second largest shareholder group. As of the end of 2020, they owned 8.25% of the company's capital. Since 2005 and the introduction of this employee stock ownership plan, the rate of subscription to the plan has been consistent, which is a sign of confidence in and loyalty to the Group, and this despite the health and economic crisis of 2020. The Ruscus employee shareholding plan, which has gradually been extended to the Group's subsidiaries, makes it possible to closely link the employees with the company's performance, in keeping with the wishes of the Group's founder. In 2021, the Czech Republic will become the 12th subsidiary to have access to it.

# Proactive governance faced with the crisis

During the health crisis, the Executive Committee, swinging into action, has particularly appreciated the ongoing support of the Supervisory Board. For example, dividends for the 2019 financial year were able to be distributed in two stages: following the General Assembly, then at the end of the year when there was a fuller picture of the outcome and consequences of the health crisis.

## Organization of the group

### Pierre Fabre Foundation

Concentrates on its public interest mission

### Pierre Fabre Participations

Appoints the Group's leaders and controls the management of Pierre Fabre SA in keeping with its founder's wishes

### Pierre Fabre SA

## Supervisory Board

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

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



## Executive Committee

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

- 7 members
- 2 women



## Strengthened dialogue

The highly collaborative operating methods of the Group's bodies are evidence of the culture of information sharing that prevails at all levels of the organization. In times of particular economic uncertainty, it is becoming more important to regularly discuss and to share a common vision for the short, medium and long term. Pierre Fabre's governance, which is particularly balanced, has helped the Group through the crisis while staying on course with the Transformation Plan announced in 2019 and its deliverables.

This operational success was the result of many constructive exchanges between the bodies, of which more than a hundred took place in 2020 between the Supervisory Board and the CEO. The Supervisory Board adapted to new working methods and assisted the Executive Committee in its decision-making. The company's governance increased its presence, with regard to employees, through contributions by the CEO on a weekly basis during the first lockdown, and now every two weeks.

# The Supervisory Board as the steward of the long-term vision

Pierre Fabre's Supervisory Board, which is already composed of members with varied expertise, is constantly adding new skills in line with the trends of our business sectors. It is involved in making strategic decisions and their implementation.

## Balanced and evolving composition

The Group is committed to modifying the composition of its Supervisory Board, in order to understand the changes within an increasingly complex environment. It regularly incorporates varied expertise and complementary profiles.

In 2020, Isabelle Girolami, CEO of a UK Clearing house, thus joined the Committee, enhancing the body with her experience in terms of financial issues and digital transformation.

## A Supervisory Board aligned with the Group's challenges

\* % of members of the Supervisory Board with these skills



Expertise in the Dermo-cosmetics & Personal Care sector



Expertise in the Medical Care sector



Expertise in finance



Expertise in Digital Technology and e-Commerce



Expertise in international markets

## A unified and committed team



### TESTIMONIAL

Rachel Marouani,  
Pierre Fabre Group  
Administrator since  
2019

"The Group's Supervisory Board is composed of a wide variety of profiles. It is a close-knit team, made up of members who respect each other, and is now much more open to the non-pharmaceutical world. Discussions are more meaningful for it: we each have a role to play and everyone listens and learns from each other, seamlessly and constructively. Personally, I am passionate about customers. I have a huge appetite when it comes to consumer knowledge and this is the perspective that I offer: understanding the customer, their motivations, and always placing them at the heart of the company's business... In this sense, the Group has really turned a corner. I am very proud to be a part of Pierre Fabre's governance, a Group that, in my view, is unique. Not only is it owned by a Foundation certified as a French 'public interest' organization and with a mission to make the world better, it also draws its strength from an original and promising positioning: the alliance between medical scientific approval and naturalness."

### Administrators appointed by the General Assembly

- Marie-Anne Aymerich
- Dominique Bazy
- Jean-Luc Belingard
- Jean-Jacques Bertrand
- Jean-Laurent Bonnafé
- Nathalie Delapalme
- Roch Doliveux, Chairman
- Jacques Fabre
- Philippe Faure
- Isabelle Girolami
- Marie-France Marchand Baylet
- Rachel Marouani
- Eduardo Sanchiz
- SAS Pierre Fabre Participations represented by Pierre-Yves Revol

### Administrator appointed by the employees

- Agathe Amara Colombié
- Alexandre Giraudon
- Claire Meunier

## An Executive Committee engaged in the group's transformation

With its wealth of complementary expertise, the Executive Committee has come together to carry out the first stage of the Transformation Plan. Its priorities are bringing its Purpose to fruition, boosting innovation, and e-business.

*"We innovate and establish strategic partnerships to improve the lives of patients. Together, we develop better-performing products that cover a broad range of conditions or specific targets. These are impressive advances."*

**1 Jean-Luc Lowinski**  
Medical Care Business Unit President

*"In 2020, we laid the important groundwork for our transformation and to have a comprehensive and consolidated overview of the whole value chain. This new organization, which is more holistic and robust, inspires great confidence in the Group's ability to seize opportunities to come."*

**2 Vincent Hureau**  
Operations Business Unit President

*"Although our employees have adopted Pierre Fabre's Purpose with conviction and enthusiasm, nothing can ever be taken for granted. The Purpose needs to be our philosophy of action. This requires us to continuously reinvent ourselves in order to make this ambition a reality."*

**3 Eric Ducourneau**  
Group CEO

*"With the Transformation Plan, Pierre Fabre has made changes to its product portfolio and has developed considerably in oncology through the acquisition of several licenses. Enhancing the portfolio is our priority, and must remain so: it has ensured our resilience during the crisis."*

**4 Eric Gouy**  
Administrative, Finance and Legal Senior Vice President



*"With considerable strength and seriousness, we have all taken on the challenge of implementing a new organization that is more horizontal, despite the circumstances. In 2021, we must strive for everyone to fully adopt the transformation. Daring to take risks, continuing to invent and reinvent... This cultural change is what will enable the company's strategic vision to become a reality."*

**5 Agnès Park**  
Human Resources Senior Vice President

*"Consumer habits have changed. This underlying trend, which is destined to last, now also concerns health products, which are increasingly sold on the Internet. E-business is complementary to the point of sale. We must leave behind any antagonistic instincts in order to adopt a truly multichannel approach."*

**6 Giuseppe Mele**  
International, Export and E-Business Business Unit President

*"Innovation is what creates value for our consumers and our patients; it is important to showcase it. Pierre Fabre creates intelligent value through the Conscious Care approach. This approach is common to Pierre Fabre and all of its brands, expressed in the form of concrete and tangible evidence and commitments, for more virtuous dermo-cosmetics. It allows us to be radical in the medium and long term by offering environmentally friendly care products that guarantee efficacy, safety, and sensory appeal. Starting in 2021, more than 80% of our new products will be developed through this approach."*

**7 Núria Pérez-Cullell**  
Derma-Cosmetics & Personal Care Business Unit President

# Challenges & Strategy



# OUR strategy

IN THE EYES OF...



*“This has been a tough year, marked by the health crisis, but the company has been there for its employees, just as the employees have been there for the company. Both sides have demonstrated remarkable reactivity and adaptability to guarantee everyone is protected, and so that we can continue working and pursuing the Transformation Plan as successfully as possible. Even at the height of Covid-19, employees stepped up to continue investing in the company, illustrating their faith in Pierre Fabre and their attachment to the company.”*

**Magali Eclache**

*Head of Workplace Quality of Life - Human Resources*



*“Pierre Fabre has proven its willingness to listen to society and consumers who want companies to take action to protect the environment (organic ingredients, grown as locally as possible, etc.), especially since the pandemic broke out. Pierre Fabre has introduced indicators to measure the progress made so far and the progress still to be made, through its Green Mission program. This program embodies the Group’s historical values while driving forward the chosen orientations and changes. The company knows that protecting nature is everybody’s responsibility, and has demonstrated this awareness in particular by committing firmly to the Refuges LPO bird protection network. As well as considering the biodiversity of its various sites, it is keen to involve its employees in its actions and endeavors to bring all jobs and roles within the company in line with the values of respect for living beings and well-being at work.”*

**Evelyne Haber**

*Chairwoman of the Tarn League for the Protection of Birds*

## Trends heightened by the health crisis

The highly competitive pharmaceutical and dermo-cosmetic sectors must adapt to the emergence of new consumer habits. While it may not have uncovered new trends, the pandemic did accelerate existing ones.

### 51%

of the French population purchased a hygiene or beauty product online for the first time during the pandemic

(Source: LSA / YouGov France study - April 2020)

### A digital explosion

Even though digital technologies have been rewriting the rules for several years by allowing consumers to become more independent, the pandemic finally broke through the remaining few obstacles. Over half of French people reported that they bought a health or beauty product online for the first time during this period. Medicines and family health care products also have now been caught up in the tidal wave of e-commerce. Nevertheless, trends vary by country, especially so in Asia. Beyond online sales, digital technologies also give us the opportunity to better understand consumer and patient expectations, multiply interactions and maintain unique relationships with each. On-line services, better feedback channels, the rising popularity of remote medical appointments during the health crisis.. Mass consumption is giving way to an ever-more personalized experience.

### Consumers on the hunt for meaning

Already in evidence before the pandemic, changing consumer habits and a hunt for meaning are even more prevalent today. For health and beauty products, the age of the ConsumActor is here. Simpler - even personalized - formulas, traceable ingredients, and a reduced environmental footprint: committed to buying as responsibly as possible, consumers now tend to prefer products with natural, non-controversial ingredients. For the company, these expectations translate into an even greater duty of commitment and example-setting. Appreciated greatly during the pandemic, the demand for naturalness should however come with a scientific basis, or risk sowing the seeds of mistrust. Now more than ever, the company and its brands must reassure and demonstrate their efficacy and transparency, and guarantee the safety of their products.



### 66%

of the French population want company directors to become drivers of change

(Source: 2021 Edelman Trust Barometer - France)

## FOCUS ON THE PHARMACEUTICAL SECTOR



### Health care systems under pressure

The pandemic is thought to have accelerated certain existing trends, especially regarding the rise of digital technologies. Health care systems are under pressure and hospitals are overwhelmed, resulting in postponed or canceled treatments, a slump in face-to-face consultations, and delays in getting a diagnosis. In future years, the pharmaceutical industry will have to learn to operate with health care systems subject to budget cuts greater than ever before. Although oncology remains the priority area of innovation for the pharmaceutical sector, treatments for central nervous system disorders also need to improve, especially since lockdowns and other knock-on effects of the pandemic have triggered an explosion in mental health issues.

# 30%

of non-Covid-19 patients received no treatment or inadequate treatment in 2020

(Source: IQVIA / Survey in UK and in the European Top 5)

## FOCUS ON THE DERMO-COSMETICS SECTOR



### A market affected by the health crisis

While there has been a rise in the sale of hygiene and dermatological products during the pandemic, sun protection, make-up, thermal spring water sprays, and other comfort care products have experienced a sharp decline, being viewed as less important during life in lockdown. At the same time, consumers have expressed a demand for healthy and reliable cosmetics but are sensitive to prices swollen by the economic crisis and the resulting uncertainty. Recent months have heightened their desire to be more reasonable, while respecting essential needs and values: frugality, minimalist beauty regimes designed to avoid any excess, awareness of the environmental footprint of products and their packaging, reduction of waste, etc. This return to basics is accompanied by a burgeoning Do It Yourself culture, whether in terms of homemade cosmetics such as soaps and masks, or self-care and beauty routines.

# 86%

of people in France bought only the essentials during the first lockdown, avoiding unnecessary purchases

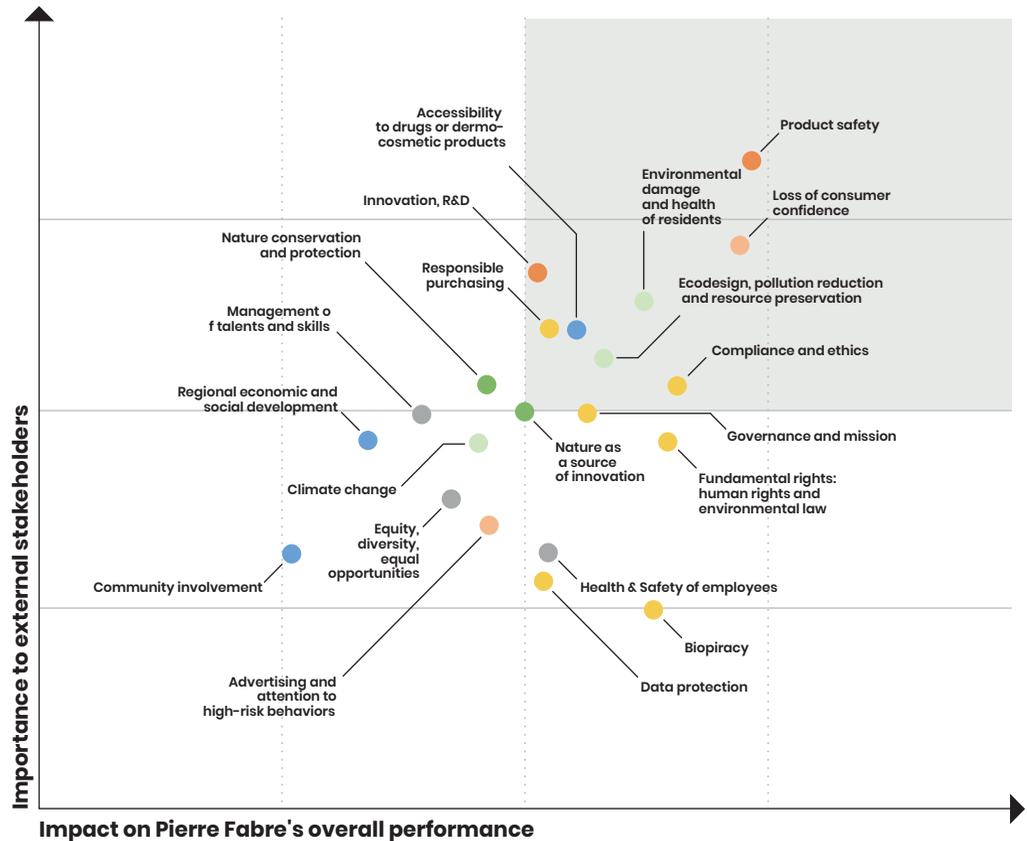
(Source: Kantar vague 3 - April 2020)

# Challenges & risks

The Group identifies, analyzes and prioritizes its main CSR challenges using a materiality matrix that was updated in 2019. Using this methodology, we have produced a list of 21 key CSR challenges, approved by a committee made up of Executive Committee members, the director of Green Mission Pierre Fabre, the CSR Director, the Group's Risk Management Director, and the Director of Corporate Communications. These challenges were then evaluated by about 20 internal stakeholders representing the company's different departments in terms of their impact in four areas: regulatory compliance, financial health, business continuity, and image and reputation. In this way, 11 major CSR risks for the company were identified.

## MATERIALITY MATRIX

- Governance and Ethics
- Health/ Beauty innovation
- Knowledge and nature conservation
- Environment and Industrial footprint
- Human capital
- Regions and society
- Reputation and confidence



## ■ GOVERNANCE & ETHICS RISKS

### Responsible governance

#### Example of action

The Group's shareholder scheme is the guarantee of a comprehensive and sustainable vision of performance. The employee shareholder scheme is reinforced every year to preserve and strengthen this responsible governance. In 2020, 86 % of employees eligible for the employee shareholding plan were shareholders.

### Ethics & Compliance

#### Example of action

In early 2020, under the Transformation Plan and with the goal of establishing a coordinated approach to ethics and compliance, the Group created a Quality, Compliance, and Risks Department. This new department covers corporate quality activities, risk management, internal controls, ethics & compliance, including GDPR compliance.

## ■ SOCIAL RISKS

### Diversity, skill and talent management

#### Example of action

In 2020, the Group supported employees by digitalizing its training tools and resources, and now over 600 e-learning modules are available. In terms of equality, the Group has maintained its 90/100 score on the Gender Equality Index and continues to champion diversity by working alongside the Diversidays charity in France to help young people access jobs in the digital industry as part of the DéClics Numériques program.

### Employee health & safety

#### Example of action

During the health crisis, the Group adapted its organization by introducing a *Business Continuity Plan*. First and foremost, this plan is designed to protect employees through a number of measures, such as protocols for managing people who develop symptoms, the promotion of social distancing measures, and the provision of face masks and hand sanitizer.

## ■ ENVIRONMENTAL RISKS

### Climate change

#### Example of action

In 2020, the Supervisory Board approved the Group's strategy for reducing its environmental footprint in line with the Paris Agreement's goal to limit global warming to 2°C. Target: 30% reduction in Scope 1 and 2 emissions by 2025 (vs. 2015) and 33% reduction in Scopes 1, 2, and 3 by 2030. This is in addition to a goal of 20% lower water consumption by 2024.

### Environmental impact of production

#### Example of action

The Group has set itself a target of using 25% renewable energy by 2025, which it will achieve thanks to a range of measures, such as replacing gas with biogas, installing biomass boilers and removing fuel boilers, and installing solar panels.

## ■ SOCIAL RISKS

### Responsible purchasing

#### Example of action

Since purchasing the ECOVADIS tool in 2019, 219 suppliers (35% of purchasing turnover) have been assessed and cataloged based on the main sustainable development standards: the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

### Lack of product safety

#### Example of action

All production and distribution sites have been certified under ISO 9001, ISO 13485, GMP, GDP or have received regulatory COSMOS approval in order to guarantee correct management of the risk of any safety and quality issues in products sent to market.

### Accessibility of products for patients and consumers

#### Example of action

We can ensure a reliable supply chain because nearly all of our pharmaceutical production is located in France. In addition, we favor the use of pharmaceutical active ingredients produced in France or elsewhere in Europe. Around 36% of revenues from the Pharmaceuticals business line comes from products whose active ingredient is produced by the Group itself.

### Eco-innovation

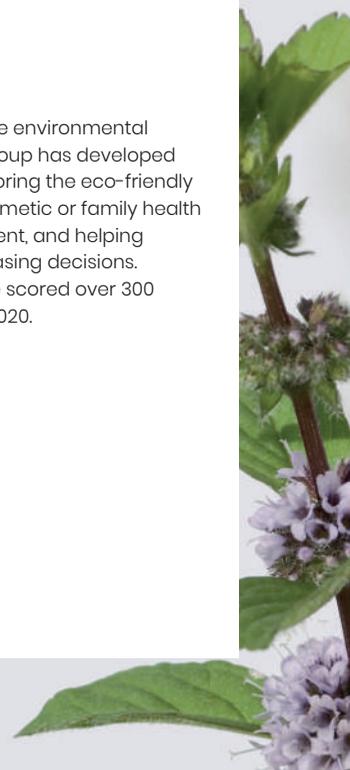
#### Example of action

Innovation in the field of plant-based active ingredients is a major challenge for both of the Group's two main business lines, given that over a third of its revenues relies on products whose active ingredient comes from plants. In 2020, eight new organic active ingredients or eco-extracts were made and now be used on an industrial scale.

### Transparent communication

#### Example of action

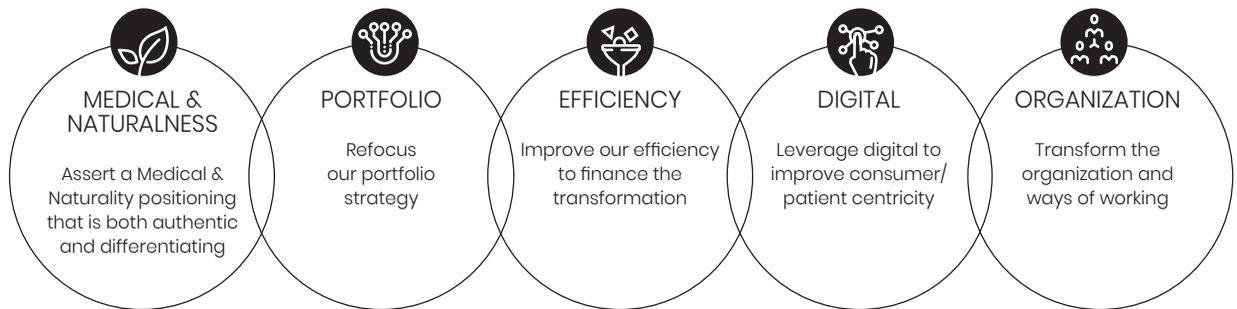
In order to provide transparency over the environmental and social impact of its products, the Group has developed the Green Impact Index, a system for scoring the eco-friendly and socially-responsible design of a cosmetic or family health product, identifying areas for improvement, and helping consumers make more informed purchasing decisions. By September 2021, Pierre Fabre will have scored over 300 products, up from just 40 at the end of 2020.



# Undertaking the transformation

Launched in 2019, the Group's Transformation Plan sets ambitious targets for the short-, mid-, and long-term, together with firm commitments in terms of sustainable development and innovation.

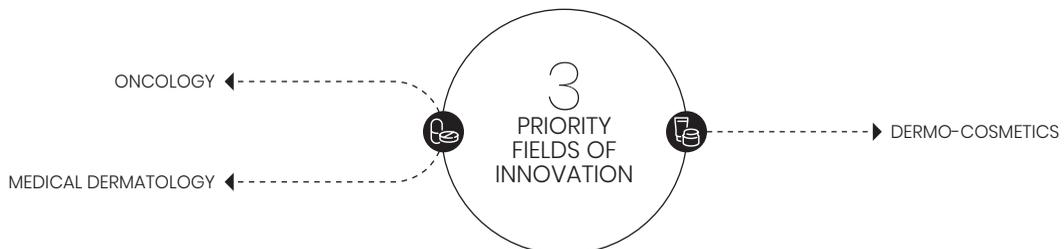
## An ambitious Transformation Plan built on five pillars...



## ...supported by a CSR commitment covering our entire business and all stakeholders



## ...and by a targeted innovation strategy



## TRANSFORMATION PLAN – GENERAL GOALS

TARGETS AND COMMITMENTS	2020	DEADLINE
Generate €2.6–2.7 billion in revenues	€2.3 bn	2022
Double-digit profitability (EBIT)	7.8 %	2022
70% of revenue generated internationally	65 %	2022
Revenue split evenly between Pharmaceuticals and Dermo-cosmetics	57% Dermo-cosmetics 43% Pharmaceuticals	2022

## TRANSFORMATION PLAN – 5 PILLARS

TARGETS AND COMMITMENTS	2020	DEADLINE
80% new DCPC* products comply with the Conscious Care strategy	60 %	2021
85% subsidiaries with EBIT > 10%	82 %	2021
20% of DCPC revenues generated online	16.5 %	2021
100% employees repositioned within the new organization	97 %	2021

## TRANSFORMATION PLAN – GREEN MISSION GOALS

TARGETS AND COMMITMENTS	2020	DEADLINE
80% of new plant extracts sourced from plants grown organically or without chemical treatments	89 %	2021
50% of each brand's revenue (excluding MA) from products with an eco-friendly socially-responsible design	100% new products with an eco-friendly socially-responsible design	2023
20% reduction in water consumption (vs. 2018)	16 %	2024
30% reduction in CO <sub>2</sub> emissions (vs. 2015)	15 %	2025
25% reduction in energy consumption (vs. 2015)	11 %	2025
25% energy consumption from renewable sources	5% (excluding green electricity)	2025
15% reduction in industrial waste (vs. 2018)	12 %	2025
4 organic active ingredients or eco-extracts developed each year	8 (6 organic)	since 2020

\*DCPC: Dermo-Cosmetics & Personal Care

## Major advances in the five pillars of transformation

In order to achieve profitable growth, the Group has identified five strategic priorities for its Transformation Plan. 2020 saw a number of major advances, including consolidation of its unique position based on an alliance of medical and naturalness, the introduction of a new organizational structure, and the refocusing of the Group's activities on oncology, dermatology and dermo-cosmetics.

### January

Roll-out of the new organizational structure, creation of the Patients & Consumers Medical Department

### June

European marketing authorization for a new BRAF+ colorectal cancer treatment

### July

Sale of our Virrey del Pino specialist pharmaceutical production site in Argentina and medical packaging plant in Vietnam.

### October

Sale of the Galénic and Elancyl brands, launch of a clinical trial for a new monoclonal antibody developed by Pierre Fabre targeting the VISTA immune checkpoint in patients with solid tumors.

### November

Partnership with the South Korean biotech Y-Biologics for the development of new immune therapies using monoclonal antibodies.

### December

Partnership with the EspeRare Foundation for the development of a first treatment for XLHED, incorporation of CSR criteria into Pierre Fabre syndicated loans.



### Taking advantage of our unique positioning

The Group has reaffirmed the characteristics that have set the company apart since its creation: an alliance of medical expertise and naturalness for the benefit of humankind. This positioning is built on our renowned, complementary expertise in life sciences: cellular biology, biotechnology, botany, and biodiversity.

#### Our achievements in 2020 include:

- Roll-out of Conscious Care: this strategy was launched by our Dermo-Cosmetics & Personal Care Business Unit and is based on four specific commitments designed to encourage virtuous and sustainable dermo-cosmetics with the goal of influencing product design (formulation, packaging, manufacture, etc.). *(read more on p. 27)*
- Carbon assessment and definition of the Group's climate strategy: in line with the 2015 Paris Agreement's goal to limit global warming to 2°C, the Group is aiming for a 33% reduction in its CO<sub>2</sub> emissions by 2030 and a contribution to carbon neutrality by 2050.
- Partnership agreement with Peking University in China to develop new medical devices or medicines for the Chinese market. *(read more on p. 45)*

# 5

patents filed for new plant-based active ingredients in 2020

### René Furterer rooting for Ivive, a 100% plant-based dye

Ivive, launched by the René Furterer brand, is a new 100% plant-based professional hair color range with organic and vegan certification. Our Gaillac site employs an exclusive and patented extraction process for obtaining only the active part of the plant, free from any cellulose, fibers, or heavy metals. Available since June 2021, Ivive in particular targets professional hairdressers prone to eczema of the hands, as well as certain consumer and patient groups: cancer patients, people with scalp problems, pregnant and breastfeeding women etc. The launch and promotion of Ivive have been accompanied by a medical value campaign based on an in-use test and a study of the prevalence of hand eczema among professional hairdressers as well as clinical studies of patients and consumers.





## Resetting our portfolio strategy

We have determined three investment priorities: oncology, dermatology, and dermo-cosmetics. At the same time, we aim to make our mature product portfolio as profitable as possible.

### Our achievements in 2020 include:

- Sale of the Galénic and Elancyl brands, in line with the Group's plan to focus its skincare investments on dermatologist-recommended brands targeting problem-prone skin as a priority.
- Sale of businesses: refocusing the Group's industrial activity on mainland France, with the sale of a specialist pharmaceutical production site in Argentina and a medicines packaging plant in Vietnam.
- Oncology and medical dermatology partnerships with innovative biotechs: research agreement with Y-Biologics for the development of new immune therapies, and with the EspeRare Foundation for the development of a treatment for a rare dermatological condition.

*(read more on p. 26-27)*

Production in under 3 weeks of

**700,000**

units of hand sanitizer from the Soual plant in France and the Aréal plant in Brazil i.e. 50 metric tons in Soual and 18 metric tons in Aréal.

In 2020, waiting time cut from

**3 weeks to 1 week**

for dermo-cosmetics commercial operations



## Refocusing on strategic activities

In 2020, Pierre Fabre sold its Elancyl and Galénic brands to Cantabria Labs in Spain and Yatsen in China, respectively. Highly focused on the body care market for one, and the luxury beauty market for the other, these two brands were no longer aligned with the strategic model of a Group wishing to refocus on dermatologist-recommended brands that target problem-prone skin.



### Improving our efficiency

Our ability to transform our company, as well as finance the transformation efforts, will rely on us becoming more efficient.

#### Our achievements in 2020 include:

- Creation of a Business Unit encompassing all *supply chain* activities: with over 2,500 employees formerly spread across different sites, this new structure is designed to guarantee better customer service and improve operational efficiency and agility.
- Confirmation of a new R&D strategy for Medical Care: reorganization into three separate entities with the aim of creating a *pipeline* of high added-value oncology molecules and refreshing the medical portfolio, for a market that has experienced major upheaval.  
(read more on p. 27)

### Improving our agility thanks to a harmonized ERP

The Group now has a single SAP-integrated management system instead of its previous 11 separate IT systems. This transverse approach, which will eventually benefit over 3,000 users, 10 production sites and 35 Group units, is designed to simplify and harmonize processes in order to improve our agility. Despite the pandemic and the delays it has caused, teams have successfully rolled out the system for the entire supply chain. As of January 2020, all Pierre Fabre product orders are now handled by the new system. In 2021, the project will enter into its final deployment phase: harmonizing processes for the pharmaceutical and dermo-cosmetics production sites.



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

Digital technology and data should help us focus more on patients, consumers, and customers.

#### Our achievements in 2020 include:

- Deployment of the ONE program: launched across 25 subsidiaries in 2020, this program should result in a more coherent multi-channel experience for Pierre Fabre consumers, especially thanks to service-rich and content-rich *online* and *offline* pathways.
- Precision marketing campaigns: tested in 11 pilot countries, these campaigns are designed to better identify the strategic targets for each brand in order to deliver a personalized message and focus our media investment on the consumer segments most suited to each brand.
- Creation of a social hub: This department of 'Social Listening' specialists records and analyzes conversations on social media in order to help all of the company's activities and functions better understand the trends and expectations of consumers and patients.



Avène ranked

**No. 6**

most digitalized brand in France  
In 2020, digital expenditure rose by

**+38.5%**

vs. 2019 for the entire Group

### Developing and sharing a Group data culture

Created in 2019, the Data Excellence Center is designed to help us better and faster understand changes in our economic and social environment around the world. The Data Excellence Center has numerous roles: nurture a data culture among Group employees, promote advanced data usage, and deploy tools and services better adapted to the needs of our consumers, patients, clients, and employees. It also has the task of decompartmentalizing our work practices in order to share knowledge that is currently scattered across the Group, helping us take factually-informed decisions, and ultimately optimize our project coordination. Data management is a real skill in a changing world.

Average increase of

**41%**

in traffic to our dermo-cosmetic brand websites during 2020



### Rethink our organization and ways of working

Establishing a more "horizontal" and collaborative organizational structure and developing a culture of performance requires a thorough transformation of working methods and relationships.

**Our achievements in 2020 include:**

- Reduction from nine to seven managerial levels: aligned with our goals, this streamlining was designed to facilitate decision-making and bring managers closer to the field, in order *ultimately* to make the organization more agile and better able to listen to our customers and external stakeholders.
- During the first lockdown in 2020, the IT Department took just 48 hours to provide home-working capabilities for 3,000 employees, by setting up a VPN for secure network access.
- 27 Working Groups for discussing the priority subjects of the Transformation Plan, involving over 150 employees from different countries and sectors.



### An even more collaborative organization

Bi-monthly videos from the Pierre Fabre CEO, podcasts from the CFO, informal discussions (virtual coffee mornings) between the Executive Committee and employees, newsletters for sharing best practices... The Pierre Fabre Transformation Plan comes with improved communication, especially on financial topics, that is at once more transverse and more transparent. In order to encourage the adoption of more collaborative working methods, employees have been offered e-learning modules. Multidisciplinary working groups, created to work on the Group's transformation, are focusing on a number of projects, such as the introduction of new ways of working, optimisation of Medical & Naturalness position, thanks to support employees through these changes with the appointment of 120 special ambassadors. This will allow us to ensure a consistent roll-out of the company's global objectives to each business unit, then to each employee.

**97%**

of employees repositioned within the new organization by the end of 2020

**350**

of employees trained in new roles (precision marketing, e-tailing)

**10%**

of employees benefiting from internal mobility

Use of collaborative tools has increased by

**4**

since the first lockdown



## Setting the perfect example with Green Mission

Historically highly committed to CSR-related issues, the Group has set its climate ambitions high: playing its part in achieving the +2°C pathway defined by the 2015 Paris Agreement by targeting a 33% reduction in CO<sub>2</sub> emissions by 2030 and contributing to the carbon neutrality demanded by the international community in 2050. Bolstered by the Green Mission Pierre Fabre, the Group is applying its CSR commitments to the entire value chain. From its bank finance and eco-friendly and socially-responsible product design, to its pharmacy partners, and even its employees.

*“We are delighted to have succeeded in linking our syndicated loan to our CSR performance. This unprecedented linking for the Pierre Fabre group shows that financial strategy and CSR strategy can complement and reinforce one another. It also illustrates the trust that our financial partners have placed in Pierre Fabre and its Transformation Plan.”*

**Eric Gouy,**  
Administrative, Finance and Legal  
Senior Vice President

### An innovative tool for measuring environmental and social impact

One of the ongoing improvement programs implemented by Green Mission Pierre Fabre since 2019, the Green Impact Index is a system for scoring the environmental and social impact of a cosmetic or family health care product. Each product is assessed on 20 aspects (14 environmental factors and 6 social factors) to give an overall rating of A, B, C, or D. A- and B-rated products are considered to have an eco-friendly socially-responsible design. The robustness and reliability of this methodology have been evaluated and approved by AFNOR. Over 300 products will be rated by the end of 2021. The system will help us prioritize our brand innovation projects and will ensure ongoing evaluation of our product catalog, with the goal of at least 50% of each brand's revenue (excluding MA) coming from products with an eco-friendly socially-responsible design by 2023. This will also provide consumers with objective information about the 'sustainability' of our products and their CSR credentials, allowing them to make more informed choices. With over 10 years of experience in product environmental analysis, the Group is a French and European pioneer in environmental labeling; today it is the first company to offer environmental and social ratings for its products.

### CSR & Financial strategy: common goals

The syndicated loan renegotiated by Pierre Fabre in 2020 now incorporates CSR criteria, indicating the confidence that financial partners have in the Green Mission Pierre

Fabre and its goals. This syndicated loan includes a bonus-malus mechanism linking the cost of credit to two CSR criteria, namely a 30% reduction in the Group's carbon footprint by 2025 vs. 2015; and the introduction of an innovative eco-friendly socially-responsible design concept that must account for 50% of each brand's revenues (excluding MA) by 2023. Pierre Fabre and its financial partners will conduct an annual appraisal of the progress made. If one or both of the targets are not met, a penalty will be applied to internal offsetting measures or paid to external partners.



With

**2,692**

employees engaged in October 2020 in the solidarity challenge by the charity Bewalk, Pierre Fabre has won the commitment award launched as part of an inter-company initiative for promoting the benefits of suitable physical activity.

The funds raised in 2020 were used to purchase fitness equipment for cancer patients.

### **We are Green Mission: uniting our employees**

More and more employees are taking part in cross-company workshops and groups for reducing the Group's environmental footprint. This is evidenced by the huge momentum of the We Are Green Mission, which pools internal environmental and social initiatives and encourages communication between the different subsidiaries. Planting trees and protecting natural zones in Australia, Chile, South Korea and Greece, working with charities in Canada, Morocco, the UK... In Portugal, employees have planted nearly 2,000 umbrella pines to improve soil fertility in Mafra National Park, north of Lisbon. In turn, Pierre Fabre's German subsidiary has offset the CO<sub>2</sub> emissions of its company cars by supporting actions to protect the planet. The Green Mission movement is at work across the entire Group.

### **Listening to pharmacists**

In order to consolidate the central link in its value chain, Pierre Fabre has developed its "Green and Socially Responsible Pharmacy" program. By joining forces with the Primum Non Nocere® agency, Pierre Fabre has used its know-how and expertise to offer pharmacies a new solution that will help them assess and give a more professional dimension to their environmental, economic and social impact. Its name is Primum Office, the first online CSR management tool specifically tailored to the pharmacy sector and run by leading professionals and experts in sustainable development. This tool offers guidance to pharmacies, from the initial audit through to annual reporting, fixing custom targets and setting up performance indicators with action proposals tailored to each pharmacy. Through a certification process, pharmacies are given a score that determines their THQSE® (Very High Environmental Quality) level. This certification has been outsourced to SOCOTEC, a well-known name and trusted third-party player in the field of certification. In 2020, of the 15 pharmacies supported on this program by Pierre Fabre, with around thirty more scheduled for 2021, three pharmacies have already been rated THQSE®.

### **ECOCERT ENVIRONNEMENT backs Green Mission Pierre Fabre**

Rated Excellent by ECOCERT Environnement in 2019, the Group has now had its sustainable development strategy approved by a follow-up audit in December 2020. One of the points most praised was the way in which employees have adopted the Green Mission, and the quality of life in the workplace.

### **Pierre Fabre teams up with Act4Nature**

By joining Act4Nature International, an alliance of companies working to protect biodiversity, the Group is supporting ten collective commitments and a number of company-specific commitments.

### **Praise for the Group's plant collection**

The Pierre Fabre plant library, which boasts 17,000 samples and is one of the world's largest private collections of plants, has been officially added to the European Register of Collections. This is confirmation that the European Commission believes the collection is created and managed in line with international rules for accessing biodiversity.



## Prioritizing innovation

Innovation at Pierre Fabre takes many forms but always abides by a core principle, namely using the “combine the best of medical and naturalness, for the good of people.” In light of this positioning, in 2020 the Group redefined its innovation strategy for Medical Care and continued its Conscious Care approach for dermo-cosmetics.

### Three priority areas for innovation

Our innovation strategy is based on three priority areas: focusing our internal oncology research on immune therapy and new targeted therapies; establishing partnerships with biotechs and innovative research institutes to develop new treatments for niche oncology indications and rare dermatological conditions; and making “Conscious Care” the compass of our dermo-cosmetics R&D.

### Natural eco-friendly products

Plant-based innovation forms the very heart of the Group. Since it was created, Pierre Fabre has created and marketed hundreds of products made from natural active ingredients. This includes not only medicines – such as Permixon whose active ingredient comes from the dwarf palm, but also dermo-cosmetics brands and Naturactive which specializes in plant therapy and aromatherapy. In 2020, the Group remained true to form, with for example the launch of Cleanance Comedomed by Eau Thermale Avène brand. Containing a cutting-edge active ingredient extracted from milk thistle, Comedoclastin™, this product has been highly successful, with a million units sold around the world. Designed for acne-prone skin, this product extends the Cleanance range. In line with the Green Mission concept, the Group has set itself the goal of ensuring at least half of the products in its catalog have an eco-friendly socially-responsible design by 2023.



## FOCUS ON MEDICAL CARE INNOVATION



### All change for R&D

Gene and cell therapies, immune therapies, the driving role played by biotechs...pharmaceutical research gone through many years of major upheavals. Buoyed by the success of its latest targeted therapies to reach the market, and its experience in research into targeted biotherapies and immune therapy, in 2020 the Group made the bold decision to continue its advanced oncology research while developing external partnerships for oncology and dermatology. This more agile R&D structure will be supported by its immunology research center based in Saint-Julien-en-Genevois. For the past decade or so, our teams have been developing extensive knowledge of the biological mechanisms behind the development and growth of cancers, especially the promising field of macrophages. Our research also relies on an Oncology Innovation Unit and a translational medicine department, both located in the Toulouse Oncopole. Finally, the Medical Affairs Department and Patient Centricity, a division created in 2020, are in charge of phase II, III and in-use clinical studies.

## >50%

of the new molecules being developed now come from biotechs with varying sources of funding (governments, pharma laboratory, investment funds etc.) and who have become a major source of assets and intellectual property

### Innovative partnerships in the fight against cancer

Nowadays, innovating in the pharmaceutical sector without partnerships and the sharing of expertise is no longer an option. Aware of these issues and wanting to accelerate its identification of innovative therapies for patients who are refractory or resistant to existing treatment options, Pierre Fabre recently formed an alliance with the South Korean firm Y-Biologics for the development of new immune therapies using monoclonal antibodies. At the end of 2020, the Group therefore announced an international phase I clinical study (VISTA) for its experimental molecule W0180 in patients with relapsed or refractory solid tumors. The study involves several centers and institutes in France and abroad, including the Institut Gustave Roussy de Villejuif, Clinique Universitaire de Navarre (Spain), and Institut Universitaire du Cancer de Toulouse (France).

## 96%

of the Group's 800 dermo-cosmetics formulations now meet the Conscious Care standards

## 150

new dermo-cosmetics products (innovations and reformulations) developed in 2020

### A year full of firsts

Several products were released under the Conscious Care program in 2020. A-Derma launched Exomega Control Spray, the first natural emollient spray designed for dry and atopic skin, containing 97% natural-origin ingredients and 100% recyclable packaging. In turn, Klorane innovated with its strengthened oil-control care which washes and purifies the scalp. A dry, biodegradable formula made from organic nettle (80% less water used in the manufacturing process) and 100% recyclable packaging. With a formula based on Célastrol, a novel, powerful, 100% natural active ingredient used for the first time in dermo-cosmetics, Kertyol PSO hydrating balm from Ducray provides daily care for psoriasis-prone skin. This 'expert' formulation soothes itching and improves skin quality, as an alternative to medication or during the maintenance phase.

## FOCUS ON DERMO-COSMETICS AND PERSONAL CARE INNOVATION



### Conscious Care: a gage of dermo-cosmetic innovation

Inventing and developing dermo-cosmetic products that are safer, more effective, and that respect people and nature. This is the guiding principle of the Group's R&D for dermo-cosmetics and personal care. An ambition that has culminated in an original approach dubbed Conscious Care. Involving a comprehensive product design charter - encompassing the process from formulation to packaging, including transport and point of sales presentation - Conscious Care is based on four concepts: scientific research & pharmaceutical rigor, supply chain management and naturalness, useful and sensible dermo-cosmetics, and a humanistic vision & renowned ethical conduct. Whenever an existing product is reformulated, or indeed a new product is designed, the process now abides by all the rules and standards of the Conscious Care program.



# Business model



# OUR Business model

## IN THE EYES OF...



*“Our dual expertise - pharmaceuticals and dermo-cosmetics - helps us offer comprehensive care for patients and consumers - with the most suitable prevention, support and treatment solutions for their needs. It also means we can capitalize on our complementary strengths, namely agility, which is major advantage when developing dermo-cosmetics solutions, and pharmaceutical rigor. The Transformation Plan has forced us to take advantage of synergies between our two activities, and put patients and consumers on an equal footing with us, involving them in our decision-making processes and actions. It was with this in mind that we launched the Patient Centricity competition across our subsidiaries (see p. 37) to drive this spirit of collaboration and partnership with our patients even further.”*

### **Marketa Saint Aroman**

*Head of Corporate Medical, Dermo-Cosmetics & Personal care, Head of Corporate Patient Consumer Centricity*



*“Thanks to its two activities, the Group has a special role to play in providing more personalised support for patients: medicines, skin and hair care during and after treatment, make-up, etc. At the Ligue Nationale contre le Cancer, we have historically maintained close relations around projects to improve the care of cancer patients. This proximity with associations to co-develop responses adapted to patients’ needs is one of the Pierre Fabre Group’s strengths.”*

### **Marie-Ange Léophonte**

*Director of the Haute-Garonne division of the National Cancer League*

# 2

## COMPLEMENTARY ACTIVITIES



### MEDICAL CARE

#### Ambition:

BECOME AN INTERNATIONAL BIOPHARMACEUTICAL GROUP OFFERING

- hope for patients with unmet medical needs, by developing promising treatments in the fields of oncology, dermatology and rare diseases
- A comprehensive range of daily care and well-being products, thanks to a mature product catalog

#### Key figures for 2020:

- Revenue: €984m
- 59% of sales generated internationally
- R&D expenditure for oncology: 15% of oncology revenues

#### Strategy:

- Successfully launch our innovative oncology therapies for the benefit of patients
- Expand our oncology research capacity, especially for immuno-oncology
- Support our growth strategy, through internal research and license agreements on targeted products
- Ensure the longevity of our mature product portfolio

#### Top 10 medical franchises

- Permixon,
- Tardyferon,
- Cyclo 3
- Braftovi&Mektovi®,
  - Braftovi®,
  - Nerlynx®,
  - Curacné,
  - Dexeryl,
- Hemangirol,
- Naturactive



### DERMO-COSMETICS & PERSONAL CARE

#### Ambition:

OFFER THE FAIREST AND MOST INNOVATIVE SOLUTIONS FOR SKIN, HAIR AND ORAL CARE, IN SUPPORT OF DAILY WELL-BEING AND BEAUTY

#### Key figures for 2020:

- Revenue: €1,216m
- 68 % of sales generated internationally
- R&D budget: 4% in 2020

#### Strategy:

- Complementary brand portfolio for improving the daily lives of patients and consumers
- Products manufactured to the same ethical and scientific standards as medicines
- Environmentally-friendly products with 60% of new releases in 2020 compliant with the Conscious Care program
- Development of an omnichannel approach and increased digital sales accounting for more than 16% of revenue in 2020

#### A PORTFOLIO of 8 complementary active ingredients

- EAU THERMALE AVÈNE
  - A-DERMA
  - DUCRAY
  - KLORANE
  - RENÉ FURTERER
- PIERRE FABRE ORAL CARE (Elgydium, Arthrodont, Inava, etc.)
  - GLYTONE (USA)
  - DARROW (Brazil)

Every time we care for a single person

## OUR CORE FIGURES

### Governance guided by the public interest

**86%** of capital owned by the Pierre Fabre Foundation, a government-recognized public-interest foundation

**20 years** of dedication by the Foundation to improving access to care and medications for people in developing countries

### A humanistic and economic project that engenders employee commitment

**€2.3bn** revenue in 2020

**9,650** employees (57% in France and 43% international) in **35** countries

**86%** of employees are shareholders owning an **8.25%** stake in the Group

### A unique position combining the best of medical expertise and naturalness

Nearly **800** clinical studies conducted in 2020

**70%** of our revenue linked to products with naturally-derived active ingredients

COMPLEMENTA

### Medical care



**43%** total revenues\*

**2<sup>nd</sup>** largest private pharmaceutical laboratory in France

€2

### Listening to patients and consumers

Constant dialog with patients & consumers, boosted by digital technologies

### Distribution

Distribution circuits that enable advice about and the sale of our products by health care professionals, giving the Group a unique relationship with pharmacists

### Research & Development

An approach based on partnership and open innovation, to ensure a shorter time to market for new therapeutic and dermo-cosmetic solutions

**LISTENING TO PATIENTS: WILL UNLOCK INNOVATION, NOW AND TOMORROW**

CARING FOR CANCER

A HOLISTIC APPROACH TO HEALTH CARE

### Production

Over 90% of our production sites are in France with no reliance on Asia for our pharmaceutical active ingredients

### Procurement of raw materials

Expertise in the extraction of plant-based active ingredients means that the active substances for products accounting for 35% of the Medical Care Business Unit's revenues are manufactured internally

CARING FOR CHRONIC DISEASES

## OUR VALUE CHAIN

# PURPOSE

on, we make the whole world better

## OUR IMPACT

2  
ARY ACTIVITIES

### Dermo-cosmetics & Personal care



54% total revenues

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

3 bn

OLISTIC  
OACH  
EALTH  
ARE

TAKING  
CARE OF SKIN,  
HAIR AND ORAL  
HYGIENE

PREVENTING  
AND CARING  
FOR EVERYDAY  
AILMENTS

### Patients & Consumers



- Product efficacy, safety and quality supported by medical expertise
- Support and assistance throughout the care process (prevent, treat and support)
- Product transparency and traceability for informed consumers

### Health care professionals



- Product efficacy, safety, and quality supported by medical expertise
- Assistance with the roll-out of a holistic approach to health care (new product training, provision of tools and services)
- Complementary brands/product ranges and alignment with consumer expectations

### Employees



- Involvement in the company transformation and performance, in particular through employee stock ownership
- Health and safety, skills development, diversity, and non-discrimination
- Regular, constructive, and mature dialog

### Local communities



- Creation and protection of indirect/direct jobs within regions
- Contribution to environmental conservation
- Access to high-quality medicines and care through the Pierre Fabre Foundation

\*Total revenues include income from other activities (3%)

# A business model focused on health, economic and human factors

With its Transformation Plan, the Group built a business model without equivalent on the market on two complementary activities - pharmaceuticals and dermo-cosmetics - and whose relevance has been brought to the fore by the health crisis.

## Intangible core values

Driving employee commitment, the Pierre Fabre Group's business model comes from a deeply humanistic vision instilled in the company by its founder over six decades. The Group has many strengths that make it stand out in its markets: an alliance of medical expertise and naturalness, attentiveness to patients and consumers in order to come up with the solutions of tomorrow, a trusting relationship with health care professionals, and more.

Thanks to its dual medical and dermo-cosmetics expertise, the Group gives patients and consumers a holistic approach to health care - prevention, treatment, and support - in four areas: skin, hair and oral care, everyday ailments, chronic illness, and cancer. Because taking care of everyone means standing by their side throughout their care.

## A shift in strategy, a gage of resilience

It is this unique balance between medical and dermo-cosmetics that the Transformation Plan has been endeavoring to enhance for the past two years. By investing in digitalization, promoting synergies between its various activities, and focusing on patient centricity, this gradual transformation will allow the Group, already well-rooted within its ecosystem, to identify and better react to market trends. Supported by its core values and ability to adapt, the Group has shown resilience in the face of the crisis, buoyed by the success of its new targeted treatments in oncology.

Rooted in its ancestral home, the Group combines long-standing strengths with increased agility for the benefit of patients, health care professionals, and consumers. It is keen to spread this unique business model across the world, and create value for all its stakeholders.

## A holistic approach to health care

From health to beauty, our solutions cover the needs of patients in four main areas: skin, hair, & oral care; cancer; chronic diseases; and everyday ailments. We work collaboratively with all health care stakeholders to support innovation for patients and consumers.

**25** specialist medical dermatology fields within Pierre Fabre Dermatologie

Pierre Fabre Oral Care

**N°1**

pharmacy and drugstore brand in Belgium, France, Greece, Poland, and Portugal

### Taking care of skin, hair and oral health

Our researchers combine their expertise in medical dermatology and in cosmetology to come up with new therapeutic and dermo-cosmetic solutions. Developed to stringent medical and pharmaceutical standards, these products are designed to care for patients with skin conditions (Pierre Fabre Dermatologie), or to provide care for skin and hair (Pierre Fabre Dermo-Cosmetics). The Group has also been a purveyor of oral hygiene products for almost 50 years. As a trusted partner of dental surgeons and pharmacists, Pierre Fabre Oral Care supports these practitioners by offering them a very wide range of care products and medical devices to anticipate and treat all the issues confronted with in their everyday professional life.

Our dermo-cosmetics and oral care products are also used to mitigate the unwanted side effects of certain treatments such as chemotherapy.



#### *A natural face care range*

Renowned for its botanical expertise, Klorane has launched into the face care market with three hydrating products containing organic cornflower water. This marks a first for the brand, which has combined its knowledge with ultra-luxuriant textures and natural formulations (made with over 96% natural-origin ingredients). The cornflowers are grown on the Group's own land in the French department of the Tarn, in line with the principles of organic farming and using a short distribution channel: every stage of the product manufacturing cycle - harvesting, formulation, production - takes place within a 50 km radius. The packaging is also eco-designed. This new care range, launched on the international market, comprises three skin hydration products: a cornflower water cream free from silicone and mineral oils, a wake-up call serum to smooth and protect from external stresses, and a night cream to regenerate and soften the skin.

## Caring for cancer

Oncology revenues  
up by more than

**+35 %**

vs. 2019

Nearly **90%**

of revenue generated  
internationally

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



### *A major therapeutic breakthrough for relapsed breast cancer*

Although one in eight women will develop breast cancer in their lifetime, only 20% of those will be affected by an HER2+ mutation in particularly aggressive tumors. The risk of post-treatment relapse therefore affects one in four patients. Neratinib is a molecule that offers an effective treatment response for patients with this form of cancer. Used as extended adjuvant treatment, the molecule reduces the 2-year relapse rate by 5%. Thanks to a marketing agreement with Puma Biotechnology, Pierre Fabre has been manufacturing and selling this adjuvant treatment since 2019. The exclusive agreement covers Europe, the Middle East, Turkey, part of Africa, and was extended to China in 2021.

On average, around

**1,500**

patients with  
BRAF+ melanoma received  
a Pierre Fabre treatment  
in 2020

## Caring for chronic diseases

Our medicines cover a broad spectrum of pathologies and improve the lives of patients in several therapeutic fields, such as urology, iron deficiencies, rheumatology, and diabetes, all of which pose genuine public health challenges. Pierre Fabre also capitalizes on the expertise of its detailing networks to promote specialties on behalf of other laboratories in France and internationally.



### ***Breaking down preconceptions and lifting taboos***

Improving diagnosis, treatment compliance and, ultimately, patient health. Those are the goals of the Group, which is particularly keen to raise male awareness of prostate cancer and lift the taboo of a leaky bladder. Advertised on social media and in waiting rooms, the "À bas les tracas d'en bas" (Down with Troubles Down There) campaign encourages men to discuss urinary problems with their doctor in order to halt the progression of benign prostatic hyperplasia, which increases the risk of cancer. Pierre Fabre has also embarked upon a patient awareness campaign for conditions caused by a lack of iron, which is essential for the body. Often overlooked or hard to diagnose, iron deficiencies can, if left untreated, lead to anemia and have a knock-on effect for the patient's general health.

## Treating everyday ailments

Working with health care professionals, doctors, pharmacists, and patient organizations, we provide everyday support for individuals as they pursue good health and wellness. With this in mind, we sell a broad range of family health care products available with or without medical prescription. Our ambition? To get patients involved in their own health care, to help each person live better, to help people age well by relieving everyday ailments, and to help the pharmacist giving the best advice to his patients.

### *Providing the tools to make smoking cessation easier*

A dedicated quit-smoking website, Tabagora offers training and information for those involved in the fight against tobacco addiction. With seven sections, the website provides rich and varied content such as case studies, training modules, expert advice, tests, and tools for assessing the degree of addiction, to help practitioners keep abreast of all the latest knowledge. This leaves them better equipped to meet the expectations of their patients and provide better treatment. The website was created in 2020 and is managed by the Pierre Fabre Tabacology Institute which has been working since 2016 to strengthen the Group's involvement in the anti-smoking campaign.

Nearly **90%**  
of revenue generated  
in Europe

**Leader**  
on the French  
quit-smoking market



# A global approach to health care: the example of oncology

For oncology in particular, Pierre Fabre has a unique selling point, namely its presence at every stage of the patient care pathway for prevention, treatment, and support.



## 1. Prevention

Prevention thanks to extensive awareness campaigns in effective sun protection. We have a comprehensive portfolio of products designed to protect skin and keep it healthy. For example, we offer high SPF protection for all types of skin, from the most delicate (infants, children etc.), to atopic skin and people at risk of actinic keratosis.

## TRIASORB™: the solar revolution

After 20 years of research, Pierre Fabre has become the second cosmetics manufacturer in the world to launch a solar filter designed using proprietary research. Triasorb™ is the first organic filter with the unique ability to absorb and reflect the harmful portion of the solar spectrum, including UVB, shortwave UVA, longwave UVA as well as high-energy visible blue light. Triasorb™ has also undergone several tests in experimental conditions to prove a lack of toxicity for three key species for marine biodiversity.



## 2. Treat

Treatment with medicines that target precancerous skin lesions and tumors, as well as dermo-cosmetics and oral care products that relieve the side effects of cancer treatments.

## A promising beacon of hope for melanoma

This particularly innovative targeted therapy combines two new generation molecules. It is designed for patients with BRAF+ melanoma, the most common type of metastatic skin cancer. Fruit of a strategic partnership forged in 2015 between Pierre Fabre and Array BioPharma, which was purchased by Pfizer in 2019, Pierre Fabre has launched this treatment in 20 European countries as well as in Australia which has one of the highest incidences of melanoma in the world. Pierre Fabre owns the marketing licenses for every country except North America and Japan.



## 3. Support

Support through a variety of tools to educate, inform and assist patients and health care professionals throughout the care pathway, from diagnosis to treatment, and beyond.

## TAVIE SKIN: an app specifically designed for patients with metastatic melanoma

Launched in 2020, TAVIE Skin is an app designed to inform and support patients with metastatic melanoma throughout their illness. This digital tool was developed in close partnership with health care professionals and patient associations. TAVIE Skin acts as a virtual nurse offering information about the condition, advice on treatment compliance, and support tools (appointment calendar, treatment tracking with notifications, diary, etc.) It will also be a valuable source of real-world data.



## INTERVIEW

# Listening to patients with the Patient Centricity Competition



**Chiara Puri Purini,**  
Founder and Vice President of  
Melanoma Italia Onlus

In 2020, Pierre Fabre launched the inaugural Patient Centricity Competition for its subsidiaries. The aim is to uncover and support local projects that meet the needs of people with melanoma or colorectal cancer, in close collaboration with patient associations. This project is aligned with the Group's overall strategy of offering support for patients at every step of the care pathway. Six participating subsidiaries submitted their projects for the competition, and the winner of the 2020 Melanoma Prize was an Italian project entitled "Target Melanoma".



**Maureen Alivon,**  
Patient Centricity Project  
Leader for Melanoma,  
Pierre Fabre

### What is Target Melanoma?

#### How will it help patients throughout their care pathway?

##### **Chiara Puri Purini**

A total of 579 patients and 225 dermatologists completed a survey designed to identify the reasons behind the late diagnosis of melanoma and other shortcomings at various stages of the care pathway. The questionnaire revealed vast differences in perceptions. For example, 40% of patients said that the consultant only spent 10 minutes discussing the diagnosis, whereas 83.5% of dermatologists believed they spent the necessary amount of time. Our project hopes to improve patient care and encourage prevention, which is the only real solution for melanoma.

#### How is this project different to others?

**Carline Chaves Almagro** It fully meets all four criteria: provide a direct benefit for patients and meet their needs; have an impact on treatment waiting times; involve patients and associations in the decision-making process; and encourage synergies between the various players.

**Maureen Alivon** One of the strengths of Target Melanoma, which involved four patient associations and nine dermatologists, is that it had clear goals and a targeted strategy:

identify the reasons for late diagnosis, and formulate specific recommendations, to ultimately provide real and long-term benefits for patients.

#### How did Pierre Fabre contribute?

**C.P.P.** Pierre Fabre gave us financial support and also made it much easier for us to deal with the doctors. This project is the fruit of close collaboration with a Group that pays particular attention to patients.

**C.P.P.** Our Italian subsidiary has made its expertise and network available to health care professionals. For Pierre Fabre it was a chance to participate in specific patient-centered projects.



**Carline Chaves Almagro,**  
Patient Centricity Project  
Leader for Colorectal Cancer,  
Pierre Fabre

# Creating value

# OUR Creating value IN THE EYES OF...



*“Protecting the Group's roots in Occitania and supporting the economic, social and cultural growth of the region are what underpin the core values established by Mr. Pierre Fabre. This local presence also gives a powerful advantage to the Group's Green Mission: working in short distribution circuits with local producers, farming our own land, opting for sustainable organic methods, and helping maintain biodiversity by protecting our sites are just some of the actions made possible by this heritage and are part of our very DNA. These local roots are a source of pride for our employees and truly set the Group apart from others.”*

## **Florence Guillaume**

*Director of Green Mission Pierre Fabre*



*“Our long-term relationship with Pierre Fabre is a good illustration of the close links it forges with patients and patient associations, year after year! For us, that means a lot because as a small charity we aren't eligible for government grants... It is interesting to see that beyond the historical and close links that it fosters locally with charities such as ours, beyond its commitment to the “Made in France” concept and its origins, Pierre Fabre is keen to forge close links with other countries such as China, in order to better understand its patients - and its consumers - and meet their needs.”*

## **Anne Audouze**

*President of Association Ichtyose France*

# Helping each person live better: Our 2020 contribution

## PATIENTS & CONSUMERS



Patients, patient associations,  
consumers

## HEALTH CARE PROFESSIONALS



Pharmacists and pharmacy teams;  
general practitioners and specialists  
(dermatologists, oncologists, urologists,  
diabetes experts, pediatricians etc.);  
health care professionals  
(e.g. Nurses, midwives)

## EMPLOYEES



Employees in France and abroad;  
trainees; apprentices; applicants;  
employee representative bodies

## LOCAL COMMUNITIES



Local communities; local and regional  
representatives; suppliers;  
charities and NGOs

## Driven by its Purpose, the Pierre Fabre Group strives to redistribute the value it creates among all its stakeholders.

- Up to **756** safety and efficacy tests conducted before and after sending a dermo-cosmetic product to market\*
- **€127m** invested in global R&D to discover new treatments, primarily in oncology and dermatology, and new dermo-cosmetics products
- **30** international patient associations collaborating with us on new products, services or digital apps

- **1,668** people registered on the POP Training platform (674 pharmacists, 339 pharmacy students, and 255 pharmacy technicians) to improve the care for eczema patients
- Dermaweb, an international dermatology information and discussion platform for over **22,000** dermatologists of which **18%** are European
- Nearly **200,000** units of PPE, hand sanitizer, soap, Thermal Spring Water sprays and creams distributed to over 70 French hospitals, care homes and medical centers during the pandemic

- **No. 1** private employer in the French department of the Tarn
- **10%** of employees benefit from internal mobility
- **92,391** hours of training for skills development
- **+102.5%** rise in the par value of company shares since the launch of the employee shareholder scheme in 2005
- **7.23%** of workforce employed from the disabled sector in France vs. national average of 4%
- **3 million** face masks issued to employees during the pandemic

- **€10m** allocated to the **Pierre Fabre Foundation** in 2020 for grants and dividends
- **€78m** invested in the South-West
- **97%** of plants used by our brands are harvested with no loss of sustainability
- **5,000** hygiene and beauty kits issued to students at 9 campuses in Occitania as part of the "Bien manger pour tous" (Good Food For All) campaign run by the regional council during the pandemic.

### The Pierre Fabre Foundation: main recipient of dividends

The Pierre Fabre Foundation is the Group's biggest shareholder owning a 86% capital stake. Recognized as a public interest organization, its primary mission is to improve access to essential care and medicines for people in emerging countries. Each year it receives 86% of the dividends paid by the company, as well as grants, so that it can perform its mission independently, as per its constitution.

\*Example of a sterile product intended for infants with atopic skin

## Renewing relationships with patients & consumers

Pierre Fabre believes it is essential to put the patient and consumer at the heart of its innovation strategy. This approach requires active listening, personalized responses, and agility to ensure long-lasting support, even at the height of the pandemic.

### 29

proof of concept tests

### 349

posts on social media

### 189

consumers involved in 14 studies

### A space to “take care, live better”

Opened in Toulouse in December 2019, the LAB Pierre Fabre has heralded in a brand new way of shopping. This new generation store concept is dedicated to sensory and digital experiences, with a flagship motto: take care, live better. The LAB is run by a six-strong team of pharmacists, beauticians and beauty consultants, all experts in dermo-cosmetics, who strive to make the LAB a forum for discussions about the Group’s brands. Their vocation is to listen to consumers and offer them advice based on a personalized care routine. With a Smart skin diagnostic mirror, capilliscopes (device for diagnosing hair problems), sun awareness advice, skincare coaching, a textures bar, and a recycling station to encourage environmental responsibility; together with educational workshops, both on-site and via social media to maintain contact during lockdown. This unprecedented hub of experiences was twice crowned in 2020. It not only won the Consumer Experience Grand Prize from Stratégie Magazine in the “Point of Sale Device/In-Store Campaign” category, but also took home the Gold Medal from CosmétiqueMag in the “Store Concept” category. This new model is overflowing with projects for the future: innovative diagnostics for the skin and hair, e-consultations, new salon treatments, brand new retail concepts such as bulk buys, etc. Not forgetting a major achievement for the LAB team, namely the sharing of these tools with pharmacies in order to improve the in-pharmacy consumer experience.



### Closing the gap with cancer patients

Since 2018, Pierre Fabre has been supporting GEPAC (Grupo Español de Pacientes con Cáncer), one of Spain’s largest charities for patients with cancer. Founded in 2010, it offers information and advice on cancer, mental health, social care, and legal issues for patients and their families, with the mission of making cancer care a priority for the country’s health care policy. In 2020, Pierre Fabre helped the charity by taking part in a melanoma awareness campaign entitled “40 Razones” (40 Reasons), launched while the country was in lockdown, together with the “Días más rosas” (Rosy Days Again) campaign aimed at patients with breast cancer. In March 2021, the Group also invited the President of GEPAC to give a talk during a webinar on analyzing the results of efficacy and safety studies for the Covid-19 vaccine.

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**INTERVIEW**

## The LAB: a totally new consumer experience

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with our  
stakeholders

### How have you benefited from visiting the LAB?

#### **Alice Darmandieu**

*I have already been there four times and I think they're amazing! I had a skin diagnosis, personalized advice, and a new skin care routine for my acne and dry skin. The products are easy to use everyday - a serum, a sun cream - and they give visible results. I have also discovered other Pierre Fabre products suitable for the whole family, especially a toothpaste for children and the Klorane range.*

#### **Marie Chenal**

*This is why the LAB has been so successful. Its multi-brand approach offers great synergies and above all it meets the needs of consumers by establishing a personalized routine for every one.*

### What makes the store so innovative?

**M.C.** As the name suggests, it's a laboratory that highlights innovation at two different levels. First, it is designed to better understand what consumers want from their skin, hair and oral care products. Around 1,300 people have already been registered in our database. Together, we can explore new concepts, test and/or co-create suitable products. The second level is the desire to offer a totally new consumer experience, thanks to Smart mirrors, e-coaching... And measure the impact of these experiences on the business.

**A.D.** I haven't been able to try out all of the experiences on offer, such as the Smart mirror, but I did talk to a Skin Coach and I definitely plan to go back once it reopens. During lockdown, personal interactions suffered but I was able to get advice on social media and I took part in a live workshop for skin problems caused by face mask use. I also learned about their bulk buy offers and the latest news on Instagram.

### How does the LAB complement the work done by pharmacies?

**A.D.** At the LAB, experts take time to diagnose your skin and help you discover different complementary brands. Once you have worked out a skin care routine, I can go to my pharmacy where I can buy high-quality, safe and trusted products.

**M.C.** The LAB really is a great place for multi-brand advice and services. Sales are a secondary consideration for us and remain the remit of the pharmacy. The main thing that this store concept is testing is the consumer experience, with the desire to employ innovations that can be transferred to pharmacies in order to improve their business. Everything is already in place to export this multi-brand advice and educational workshops to pharmacies in 2021. Eventually, we also hope spread many of the other experiences, such as bulk buys, care coaching, and the Smart diagnostic mirror.



**Alice Darmandieu,**  
A regular at the LAB



**Marie Chenal,**  
Consumer & Retail  
Experience Manager

## Trust-based partnership with health professionals

Listening to health professionals and discussing with them is in the fiber of our working methods, and this is clearly expressed in our Group's Raison d'être. It is for this very reason that Pierre Fabre works by their side each and every day, creating partnerships and research projects.

### 2,200

Dermatologists took part in the first medical conference organized by Pierre Fabre and the Dermatology Department of the Peking University First Hospital in December 2020

### 27,000

Dermatologists in China

### A strategic alliance in China

At the end of 2020, Pierre Fabre signed a partnership agreement with the National Clinical Research Center for Skin and Immune System Diseases, managed and developed by the Dermatology Department of the Peking University First Hospital. This Center is a first-rate platform which facilitates cooperation between university research and companies with the objective of developing, transforming and promoting new concepts, technologies and medicines. The joint work covers research projects, phase III clinical studies and real life (phase IV) studies. Together, Pierre Fabre and the Center organized a first medical congress in December 2020, which was followed by more than 2,200 Chinese dermatologists. The subjects discussed included the assessment and monitoring of the efficacy of cosmetic products, sensitive skins, and acne-prone skin.

### *How to better combat chronic occupational hand dermatitis*

During the 2020 Paris Dermatological Days, Laboratoires Ducray and Pierre Fabre Dermatologie partnered with the Eczema Foundation to organize a round table on chronic occupational hand dermatitis. The objective was to take stock of how this pathology is treated in patients who suffer from hand dermatitis due to occupational exposure – such as hairdressers, health or building professionals and bakers. The round table brought together medical specialists and a patient who came to speak about the appropriate medical support she was given so that she could continue her activity as a midwife. The discussions revealed the need to improve the dialog between the various stakeholders in the medical world, the importance of long-term patient follow-up and the relevance of reinforcing the information and training given to health professionals.



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**INTERVIEW**

## Learning from each other

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**Li Hang**,  
Director of Dermatology  
at the Peking University  
First Hospital

**What are the goals of this partnership between the Peking University First Hospital and Pierre Fabre?**

**Li Hang**

*This project paves the way for a new model of cooperation between university research and the operational excellence of a company. We are going to learn from each other and prove that this collaboration will equal more than the sum of its parts!*

**Xavier Ormancey**

*This partnership makes a lot of sense. We intend to develop specific products and test both their efficacy and how consumers perceive them. The historic roots of the University of Peking and the richness of its network will help us to validate the safety and efficacy of certain active ingredients.*

**Kyung-Ae Choe**

*In a highly competitive environment, we want to highlight the Group's medical image. The reputation of this prestigious partner, the only one to be recognized by the government, is a fundamental advantage. In order to adapt our formulas to regulations, we also need a local R&D center, which is now possible thanks to this alliance.*



**Kyung-Ae Choe**,  
Managing Director  
PFDC China

**What are the expected advantages for consumers?**

**L.H.** *Pierre Fabre will get a better understanding of the specific needs of Chinese consumers and patients, while Chinese dermatologists will be able to rely on a major laboratory's know-how and ability to innovate.*

**K.-A.C.** *- This collaboration is indeed a wonderful opportunity for both sides to better understand the specific features of the Chinese skin. Ultimately, the aim is to offer better products which are better suited to local consumers.*

**X.O.** *Understanding specific needs will allow us to stand out on the Chinese market thanks to breakthrough textures and sensations. But this can also inspire us for future international products, and this is the whole point of development diversification.*

**What will the first phases of this collaboration be?**

**L.H.** *We intend to pave the way for an efficient collaboration, in order to facilitate scientific exchanges. We will also be initiating a first joint research project. I am certain that ideas will abound as soon as we have laid down the partnership in concrete terms.*

**K.-A.C.** *- In addition to two clinical studies on sensitive skin, we intend to organize a number of events to raise awareness among Chinese consumers about skin care – bearing in mind that access to a dermatologist is not easy in China –, and also an annual medical summit to address new subjects. The Group's expertise in skin cancer is particularly recognized and appreciated by the university and by Chinese dermatologists.*



**Xavier Ormancey**,  
Director of Dermo-  
Cosmetics R&D

## Putting employee health and safety first

Employee health and safety is a top priority for Pierre Fabre. Standing side by side with them during the pandemic, the Group has made notable advances in 2020, with the deployment of a harmonized international strategy and the appointment of a dedicated operational Health, Safety & Environment Director.

### -25%

2021 safety target for the reduction in surgical accident rate

### 1.2.3 Safety: a global safety policy

With the 1.2.3 Safety program, Pierre Fabre has made it a priority to reduce differences in procedures between subsidiaries. The program will focus on three main areas: ensuring roles and responsibilities are clearly defined; introducing preventive actions for the most common risks (road risk, fire, chemical hazards) and for secondary and emerging risks (international travel etc.); and conducting an annual review of the results compared to the targets. Conducted at 46 sites between November and December 2020, an initial audit of five procedures revealed a compliance rate of 75%. Although some best practices were uncovered, the audit also identified areas for improvement in terms of prevention plans and corrective actions, and in terms of ensuring job descriptions contain an accurate details of the roles and responsibilities. In 2021, the Group will focus on ensuring all plants adopt a safety culture.



### *Standing side by side with employees during the pandemic*

Issuing hand sanitizer and face masks - including special masks so that hearing-impaired employees can lipread -, mass mobilization of medicosocial workers (occupational physicians, nursing staff, social affairs officers) and numerous other roles (property management, HR, site managers, HSE etc.). From when sites were first closed, through to the return of teams once the safety measures were in place, the Group demonstrated an ability to adapt very quickly in these exceptional times. At the same time, a support scheme was set up to help combat the problems caused by isolation and working from home for long periods. Weekly video chats with the CEO, informal virtual coffee mornings with the Executive Committee, special team meetings organized by the managers, a dedicated website for employees deprived of access: a whole assortment of measures to help maintain contact. In addition, a psychosocial risk awareness course was given to 700 managers, along with four webinars on "Home-working during uncertain times".

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**INTERVIEW**

## Road risks: learning from personal experiences

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**Laila Dolang,**  
HR Manager, Pierre Fabre Nordics  
(Norway, Finland, Sweden).

**Why is road safety so important for Pierre Fabre Nordics?**

**Laila Dolang**

*It's a major issue for us because of the highly specific geography and weather conditions in the countries within our scope. In Norway, Finland, and Sweden in particular, some of our employees travel 500km every day and often have to navigate icy roads in the winter.*

**Yannick Gaillard**

*Employees of the Group's subsidiaries generally spend a lot of time on the road. In our business, road accidents are one of the biggest risks, along with fire risk, and the consequences can be serious. Since 2018 we have conducted numerous awareness campaigns in France, with short videos that have since been translated for all countries.*

**What was the awareness campaign organized at the end of 2020 by Pierre Fabre Nordics?**

**L. D.**

*Every employee with a company car took part, over 35 people. The Group provided excellent support with many statistics on different topics, such as alcohol, sleep, good practices etc. But as well as a formal presentation, we asked employees to discuss their own experiences from a personal viewpoint, in terms of risky situations, in order to share with colleagues their own stories, how they felt during hazardous situations, and their personal advice. This made the workshop a more engaging, interactive, and effective way to broach individual behaviors as the key to success. We had excellent feedback on the workshop. In 2021, we will continue with further training about driving in icy conditions.*

**How does this initiative tie in with the Group's health and safety policy?**

**Y. G.**

*It was part of our 1.2.3 Safety program which aims to improve our efforts to reduce the biggest risks - including road risk - and which is now in place at all of our subsidiaries, just like all other Group procedures. Eventually, we also hope to introduce a Pierre Fabre World Health and Safety Day and publish our Golden Rules, which everybody must learn. The health and safety policy must involve all employees, because it is only by getting them involved as we did for this road safety campaign that we will be able to improve behaviors.*



**Yannick Gaillard,**  
Group Health & Safety Director

## Local roots to build the future

Pierre Fabre has valued local and sustainable roots. A source of pride, these roots are what allows it to work for and with the regions, while at the same time conquering the international market.

### 500 kg

lozenges will be produced every hour by the new automated line vs. 180kg currently

### 50%

increase in nicotine replacement lozenge production since 2019

### Aignan Plant: developing the potential of unique expertise

Bought by Pierre Fabre in 1984, the Aignan Plant in Gers now has over 100 employees. The site develops, manufactures, and packages cough sweets and nicotine replacement lozenges. Its expertise in the production of hard-boiled pharmaceutical lozenges gives it a real competitive advantage. Specifically, €1.8 million will be invested in 2021 to automate a production line. This investment received a grant under the French government's economic recovery plan. The project will allow the Group, already a leader on the French quit-smoking market, to meet a growing global demand, especially in America. By 2024, the Aignan site will have increased its production capacity by 150 million lozenges every year.

### Committed to sovereign European health

The Covid-19 pandemic has shed harsh light on the dependence of Europe's health care systems on the rest of the world. During a meeting of the G5 Health Association think tank, the heads of 8 French pharmaceuticals, including Pierre Fabre, signed a letter published in the Les Échos newspaper to underline the need for Europe to maintain a sufficient production capacity to meet the needs of its populations. Restoring national sovereignty for medicines will require a huge industrial effort in numerous areas, such as maintaining and creating R&D sites, and an extensive evaluation of supply chains and which sites to develop or support for relocating production. It will also need a drastic overhaul of the price policy for health care solutions.

*"For decades the Pierre Fabre Group has been flying the colors of France around the world"*

Olivier Dussopt

*"Pierre Fabre has been sharing its strong values for many years [...] and the fact it belongs to a government-recognized public-interest foundation is extremely inspiring"*

Olivia Grégoire

Visit by Mrs. Olivia Grégoire, Secretary of State for the Social, Solidarity and Responsible Economy and Mr. Olivier Dussopt, Minister for Public Accounts, to the Aignan Plant in Gers as part of the France Relance Plan.



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**INTERVIEW**

## A local plant with the world in its sights

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**How has Pierre Fabre supported the development of Aignan and the surrounding area since it purchased the factory in 1984?**

**Gérard Pérès**

According to the “village elders”, Pierre Fabre was the savior of Aignan! By setting up locally, the Group allowed this village of 800 people to keep hold of its young people by offering them job opportunities and the infrastructure essential to family life, such as schools and services. Taxes, mainly the local tax on business, made investment possible. Pierre Fabre is a committed company and very early on it offered an extended social welfare scheme to its employees. The fact that our famous throat lozenges are made locally is a source of pride. The village of Aignan has spread well beyond the region, showing that good things can happen in the countryside.

**Maxime Blondeel**

Pierre Fabre is one of the biggest employers in Gers, which is largely an agricultural region. By setting down local roots, the Group has helped retain jobs in this rural area. The site has doubled its production in 10 years. Pierre Fabre controls 40% of the nicotine replacement products market in France, and there is great potential for international growth.

**What is the likely impact of the Group’s new plans for investment in Gers?**

**M. B.**

Without this project, the competition would soon catch us up, because the stop smoking market is growing rapidly. The Government grant, as part of France’s recovery plan, will help us continue with the investments we had planned before the disruptions of the economic and health crisis. We will be able to protect jobs, continue our technological advances with hard-boiled pharmaceutical lozenges, improve working conditions, and more generally restore confidence in the future. A win-win situation! Our products are being certified for the American market, so from our site in Gers, we will be able to step onto the international stage. Great recognition for the expertise of our teams.

**How can Pierre Fabre go further?**

**G. P.**

We are all proud of this new investment, which proves the Group intends to stay and grow in the region. Pierre Fabre’s commitment to its origins is not just hollow words! Even though the economy remains fragile and uncertain, the site will be able to expand into the export market and benefit from a positive outlook for many years to come. There are also great synergies to be developed together to make these regions more attractive: partnerships for bolstering the charity sector, initiating sporting activities for employees, sponsorship... Each and everyone of us can apply our knowledge for the benefit of all.



**Gérard Pérès,**  
Mayor of Aignan.



**Maxime Blondeel,**  
Director of the Aignan Plant.

## Acknowledgements

For the second year running, we have produced our Integrated Annual Report in a spirit of sharing and collaborative construction with the support of an Editorial Committee comprising employees from various departments of the Group, and of external stakeholders who, through their dedicated involvement, have demonstrated their commitment to our Group.

The diversity of the work carried out with our internal and external stakeholders highlights the benefits of a lasting relationship with the company, which is able to offer training and support, as well as better respond to their needs.

The Pierre Fabre Group wants to continue strengthening these ties even further, to get the company's stakeholders more involved in its strategic plan and in this way develop innovative, environmentally-friendly products that are aligned with societal expectations.

### OUR THANKS TO ALL PARTIES INVOLVED, HERE REPRESENTED BY:

- Marie-Ange Léophonte, Director of the Haute-Garonne Committee of the *Ligue nationale contre le cancer*, a national non-profit cancer association
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- Evelyne Haber - President of the *Ligue pour la Protection des Oiseaux* (Bird Protection League) in France's Tarn department.
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- Élise Charles - Group Performance Manager
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- Magalie Eclache - Head of Workplace Quality of Life - Human Resources
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