

2010 Annual Report



Providing health and better well-being

EXPANSCIENCE®

LABORATOIRES

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Profile

For more than 60 years, Laboratoires Expanscience has established its expertise in the health and well-being markets.

Committed to its independence, the company's business covers today an extensive range of skills, operating in the areas of Rheumatology, Dental Care, Dermatology, Dermo-Cosmetics and marketing of Cosmetic Active Ingredients.

Laboratoires Expanscience applies its expertise each and every day, notably in terms of plant extraction and development and remodelling of connective tissues. Again this year, the company's success is based on its innovative products, supported by recognized brands distributed worldwide, including Mustela, Piasclédine 300 and others.

In order to support patients and consumers, Expanscience maintains trust-based relationships with its customers, whether they are prescribers, promoters or distributors.

Finally, the company carries out its corporate, social and environmental commitments through an uncompromising sustainable development strategy.

1950

Expanscience created

923

employees

48.8

million products manufactured

233

million euros in turnover

Interview with Jean-Paul Berthomé

Chairman of Laboratoires Expanscience



“Our main brands have
expanded
their market share.”

What were the key events in 2010 on Expanscience's markets?

Several of our markets went through a process of reorganization in 2010. A drop in the reimbursement rate from 35% to 15% for certain medications impacted Piasclédine 300 and Prexidine. This measure is associated with the accountability of players in the healthcare field. It is a part of a public deficit reduction strategy which is not specific to France, and has more to do with a financial rationale than with a public health approach. But it affects the entire treatment chain: the doctor, who must make prescription recommendations independent of reimbursement levels, supplemental health insurance, which is the subject of an increasingly heated competitive game, and the patient, who gains awareness of the cost of available treatments.

What other important events occurred in 2010?

During the year, consumers around the world were more mindful than ever of the presence of natural ingredients in cosmetic products. This deep-rooted trend creates many opportunities - along with many opportunists. Aware of the specific vulnerabilities of certain target groups, such as infants and pregnant women, Laboratoires Expanscience maintains the clear position it has always taken: combine natural products with quality, effectiveness and safety, which are not always guaranteed by organic labels. In addition, the financial crisis has not spared our distribution channels. A significant number of European pharmacies have experienced cash flow problems. This was followed by strong price pressure and an increased move toward consolidation.

Finally, we decided to exit the Nutraceuticals market, which was completely transformed in the economic crisis and with which we no longer identify.

How would you characterise the company's overall performance in 2010?

We have several reasons to feel satisfied. First of all, our main brands - Mustela Bébé, Mustela 9 Mois and Piasclédine 300 - have expanded their market share. In addition, our international activity increased by 8% in 2010 and made up 37% of our total sales. Turnover remained stable at 233 million euros. With regard to financial performance, 2010 was a time for optimising our operations and costs, and we ended the year with encouraging results.



In your view, what were Expanscience's main business successes this year?

In Dermo-Cosmetics, Mustela's leadership was enhanced by the brand's shift toward increasingly natural products. In Rheumatology, we successfully launched Flexea, our form of glucosamine. In the Dental Care field, Hyalugel climbed to second place in the oral dressings segment. Lastly, the Cosmetic Active Ingredients marketing business grew significantly, especially in the international market, which accounts for 56% of sales.

In celebrating its 60th anniversary, the company has frequently made reference to its commitments. How is this evident?

These are values that our external partners recognize in us and which federate our employees.

These commitments are demonstrated through the founding family's dedication, over two generations, to the company's long-term future. They are exemplified in our ability to constantly innovate in our fields of expertise, specifically concerning development and remodelling mechanisms for connective tissue and the cutaneous barrier. One of these commitments is also exemplified by our sustainable development initiatives.

What do you expect from Expanscience employees in terms of commitments?

That they embody these commitments, focusing on the international market to advance our growth and on innovation. That they serve as ambassadors, demonstrating responsibility and solidarity when faced with the adjustments that the company must make.

With respect to sustainable development, what were the key areas of progress during 2010?

We have set specific goals and milestones which enable us to assess the progress achieved by our proactive approach. Progress is already evident in several areas, such as energy consumption, following our 2009

carbon footprint assessment, the sustainable procurement of ingredients, with the establishment of a unit to ensure respect for biodiversity and local populations, and responsible communications through our signing of the *Charte de l'Union des Annonceurs*. In addition, we now submit our actions to a group of stakeholders in order to seek their opinions.

What are the prospects for Expanscience in 2011?

Our goal is to continue our international expansion, especially in high-potential emerging countries. The marketing offensive will continue in 2011 with several launches of products and ranges, which should consolidate our market share.

A year of highligh

Practical help for the people of Haiti

Following the earthquake on 12 January 2010, the Mustela Foundation donated 40,000 euros to the NGO ATD Fourth World. The programme had four main goals: ensure the effective routing of aid to the poorest people; ensure the provision of healthcare in the district; relaunch a nutritional strategy for babies and young children and support the efforts of local organizations to help those most in need.



60

years of
COMMITMENT!

Laboratoires
Expanscience
and its signature
brand Mustela
celebrate their
60th anniversary

Celebrated with all company employees, this anniversary is all about commitment. The theme was a natural choice, referring to the company's expertise and strategic decisions since it was founded.

Mustela
launches
its mobile
website:

m.mustela.com

French-speaking mobile Internet users can now access a wide range of information: an introduction to Mustela, product selection aids, ingredient lists, advice videos, a geolocation tool for sales outlets, and much more via their mobile phones.



Ambitious commitments to sustainable development for 2015

These commitments concern the Dermo-Cosmetics and Rheumatology business lines, raw materials supply subsidiaries, production processes and human resources. Following carbon footprint assessment at the end of 2009, Expanscience committed to a 20% reduction in greenhouse gas emissions by 2015.

Flexea, the first reimbursed form of glucosamine introduced on the French market

The launch strengthened Expanscience's leadership position in relieving symptoms of mild to moderate arthritis in the knee.

ts

Dental Care expertise recognized with the first **ParoActiv' Prize**

To support clinical and research work in periodontology/implantology, the Dental Care division established the ParoActiv' Prize. The 1,500 euro prize is awarded by a jury of medical experts and recognizes scientific work in the field of periodontal disease.



Natural products defined for Expanscience cosmetic products

In a proactive and transparent approach, Laboratoires Expanscience sought to explain its position on the definition of natural products for their cosmetic products and ingredients. This definition can be found on the websites www.mustela.com and www.sustainable-development-expanscience.com.

Paradise for trees!

In partnership with the Michel-Chasles college, a member of the UNESCO associated schools network, Expanscience established an arboretum at its Épernon industrial and R&D site, in Eure-et-Loir. The Belgian subsidiary is notable for establishing a Mustela forest in Aarschot. In total, more than 3,000 trees will flourish in these two locations!



The Graine d'ID idea management system

under spotlight Expanscience won the Integrated Innovation Prize at the Participative Innovation awards organised by the French Innov'Acteurs association. This prize was awarded for the innovative and comprehensive nature of the Graine d'ID approach and the close involvement of staff members.

Skinergium Bio receives Écocert Organic Certification

Following Soline Bio and Sésaline Bio, the active anti-ageing substance Skinergium Bio has received Écocert certification. This maca root hydrolysate has attracted very high levels of interest in Europe, as well as in the USA and Asia.



Launch of Hyalugel Mouthwash

Thanks to its unique properties, its effectiveness and its two forms of delivery, Hyalugel has established itself in the local oral applications market. Following Hyalugel Spray and Gel, the range was expanded in January to include Mouthwash, a new form better suited for some patients to treat mouth ulcers, cuts or small wounds.



Maintain the percentage of its workforce age 55 and over at 8%.

On 31 March 2010, Expanscience management and employee representatives signed an agreement on employing seniors. Depending on the type of action, the seniors plan may affect more than 200 employees.



A prominent position at an international level

At the end of 2010, Expanscience's international activity had expanded and reached 37% of consolidated turnover. Export sales to local distributors were added to the results generated by the eight subsidiaries. Development outside France strongly supports sales of medication and Dermo-Cosmetics products.

Belgium

- **Founded:** 1963
 - **Based in:** Brussels (Zellik)
 - **Products marketed:** all Mustela and Noviderm ranges
 - **Highlights:** our oldest subsidiary has proven its vitality in this high-potential region, which includes Luxembourg. Mustela's position is strongest in this area, with a 61% market share (compared with 56% in France). Its reputation is maintained through close ties with healthcare professionals and opinion leaders.
-



Spain

- **Founded:** 1971
 - **Based in:** Madrid
 - **Products marketed:** all Mustela and Noviderm ranges
 - **Highlights:** in a market sharply impacted by the crisis, Expanscience's brands enjoyed a wealth of renewed confidence. During 2010, the subsidiary's growth exceeded that of the local dermo-cosmetics market (+2%). Mustela, the blue-chip range in the portfolio, maintained a 34% market share. In Dermo-Pediatrics, Stelatoria posted double-digit growth.
-

Switzerland

- **Founded:** 1971
 - **Based in:** Geneva
 - **Products marketed:** all Mustela ranges
 - **Highlights:** after a challenging start to the year, business grew during the final four-month period thanks to Mustela's new communications campaign focusing on natural products and the relaunch of Mustela 9 Mois. This revival enabled the subsidiary to end the year with strong growth.
-

Portugal

- **Founded:** 1977
 - **Based in:** Lisbon
 - **Products marketed:** all Mustela and Noviderm ranges
 - **Highlights:** the undisputed leader in the infant market, Mustela has faced challenges. Thanks to the turnover generated by third-party brands and a business reorganization which began in 2010, the subsidiary ended the fiscal year on an upswing. With its renewed management team, at the end of the year it launched a successful reorganization of its commercial targeting efforts.
-

United States/Canada

- **Founded:** 1988
 - **Based in:** New York
 - **Products marketed:** all Mustela ranges
 - **Highlights:** following setbacks during 2009, the North American region reversed this trend but suffered from an unfavourable exchange rate. The company's distribution policy was reshuffled. At the end of 2010, Mustela was being carried by new drugstores and perfume shops.
-

Italy

- **Founded:** 1993
 - **Based in:** Milan
 - **Products marketed:** all Mustela ranges
 - **Highlights:** in 2010 the subsidiary undertook meticulous efforts to structure its business approach. This strategy paid off: while the infant market declined slightly (-1.6%), the subsidiary's performance set itself apart.
-

Mexico

- **Founded:** 2002
 - **Based in:** Mexico City
 - **Products marketed:** all Mustela, Piasclédine 300 and Orangel ranges
 - **Highlights:** the Mexican economic crisis, which led to a significant tension between pricing and household purchasing power, significantly impacted business growth. A victim of exchange rate impacts, the local subsidiary suffered a decline in euros despite its growth in pesos. However, it is important to note the spectacular boom of the Orangel food supplement, an exclusive local product. Stimulated by the formation of a Medical Representatives team in Rheumatology, Piasclédine 300 successfully gained a foothold in the market.
-

Poland

- **Founded:** 2009
 - **Based in:** Warsaw
 - **Products marketed:** all Mustela ranges
 - **Highlights:** the subsidiary recorded strong growth in units sold. The Mustela Bébé range is expanding while historically, the Mustela 9 Mois range sold in Poland at an average price significantly higher than the Mustela Bébé range.
-



note

A glucosamine-based anti-arthritis medication provided the company with new opportunities for international growth.

Within the subsidiaries as well as with its distribution partners, Expanscience's international business over 2010 was marked by a strong dynamism.

Subsidiaries that define their business

In 2010, several subsidiaries enhanced their healthcare professional support teams and redesigned their distribution strategies. Portugal, for example, expanded its training team, working with pharmacies and maternities, and split up its pharmacy network to improve commercial targeting. Likewise, in Italy, the resumption of direct sales - carried

out until now by concession holders - was supported by the establishment of training and medical representative teams. The distribution channel was streamlined and opened to more than 700 new customers. Finally, in the United States, major accounts with retail chains increased in importance, totalling 77% of sales for the financial year.

Successful launch of glucosamine

In September 2009, Laboratoires Expanscience acquired a new glucosamine-based anti-arthritis medication. This active ingredient is recognized for its effectiveness in relieving arthritis-related pain. This medication supplements the range of specialist products in the field of rheumatology. With a Notice of Compliance in 25 countries, it provides the company with new opportunities for international growth, especially in countries where Plasclédine 300 is not available. Sold in France under the name Flexea, this new Laboratoires Expanscience specialty product is now available in ten countries.

Mustela's special dynamic

With double-digit growth in export sales during 2010, Mustela's international focus is its battle cry. This strategy was successfully applied in its "-free" formulations, launched in 2010, and by the successful relaunch of the Mustela 9 Mois line for pregnant women. The brand took full advantage of the economic recovery underway in Russia and neighboring countries, as well as the buoyant situation in certain geographic



Commitment:
special
relationships
in our export markets
with local distributors"

"We are committed to close cooperation with the distribution partners we have selected in each country for our export business. The support we provide them includes training on pathologies, products and their competitive environment. It is also demonstrated through the joint organization of conferences and symposia to present the initial results of the Eradias study in 2010."

Olivier Blanchard
Export Director
Rheumatology and Dental Care

30

countries
worldwide where
Piasclédine 300
is distributed

regions such as the Middle East. Its sphere of influence expanded due to its signing of new distribution agreements in sub-Saharan Africa and in South America (Argentina, Peru, Ecuador and Chile).

Piasclédine 300 consolidates its position

Sales in 2010 grew in certain regions where we have historically had a presence: in the Near and Middle East, in the Maghreb and in Asia. At the end of the 2010 financial year, its sphere of influence had expanded to new territories. Following 15 years of success in Argentina, with the product climbing into the top three in the anti-arthritis segment over the 2006 to 2010 period, the brand entered the market in other Latin American markets.

8

subsidiaries
Belgium, Italy, Mexico, Poland,
Portugal, Spain, Switzerland,
United States/Canada

note

Mustela's international focus is its battle cry. A strategy was successfully applied in its "-free" formulations and the successful relaunch of the Mustela 9 Mois range.

72

distributing
countries
Algeria, Argentina,
Armenia, Australia,
Bahrain, Benin, Bolivia,
Brazil, Bulgaria, Burkina
Faso, Cameroon, Chile,
China, Colombia,
Congo, Costa Rica,
Croatia, Cyprus, Czech
Republic, Denmark,
Djibouti, Dominican
Republic, Ecuador,
Egypt, Gabon, Germany,
Greece, Guatemala,
Honduras, Hong Kong,
Iceland, Indonesia,
Iran, Israel, Ivory Coast,
Jamaica, Kazakhstan,
Kuwait, Latvia, Lebanon,
Lithuania, Madagascar,
Mauritius, Morocco,
New Zealand, Nicaragua,
Panama, Peru,
Philippines, Qatar,
Reunion/Mayotte,
Romania, Russia, El
Salvador, Saudi Arabia,
Senegal, Serbia,
Singapore, Slovakia,
South Korea, Sweden,
Syria, Taiwan, Togo,
Tunisia, Turkey, Ukraine,
United Arab Emirates,
United Kingdom,
Uruguay, Vietnam,
West Indies/Polynesia

The Supply Chain at full speed

Expanscience's international growth relies on the Supply Chain division. With the help of Géodis, a logistics service provider, the team adapted to a growing and increasingly complex business flow with optimized responsiveness. During 2010, 1,140,000 packages were shipped to 117 customers and 79 destinations. Most European subsidiaries are now subject to weekly Shared Procurement Management (GPA) led by the Customer Service department. GPA limits the stock held in each country to under 15 days. Customers of the Swiss subsidiary have received direct deliveries from the Géodis warehouse since September 2010. Export flows have also been optimized. The time between placement of an order and its processing by Géodis is seven days, i.e. a time savings of 60% as compared with 2007.



*Inauguration of the new platform
in Eure-et-Loir.*



Supporting infant development

THE MUSTELA FOUNDATION. Since its creation in 1982, the Foundation has operated under the aegis of the Fondation de France. It has supported work and projects concerning infant development and community relations.

28
years of activity

83
research grants
and research/
action awards



www.fondationmustela.com

Promoting research

Each year the Foundation supports researchers selected by experts on its scientific committee. Three research grants, in the amount of 14,500 euros, were awarded in 2010 for work involving:

- maternity for homeless African women (Élodie Panaccione, thesis in cross-cultural clinical psychology);
- dysfunction in mother-child bonding (Marie-Camille Genet, thesis in psychology);
- children's dietary habits (Louis Mathiot, thesis in sociology).

The **Research-Action Award** was presented to psychologist and psychoanalyst Joëlle Rochette-Guglielmi for her project at the Marseille Sainte-Marguerite parent-infant hospital. The prize for this project is worth 6,000 euros.

Promoting education and prevention

Providing information and generating dialogue between parents and healthcare professionals are the purposes of tools developed or reprinted in 2010: examples include on-line modules on breastfeeding, posters on toilet training, a booklet on preparing for neonatal separation, materials published in partnership with the French Sparadrap association intended to provide information on sick or hospitalized children on the specific issue of pain.

Generating dialogue among professionals

As it does every year, the Mustela Foundation organised a study tour abroad. Fifteen professionals (midwives, nursery nurses, pediatricians, psychologists) were invited to Madrid to compare their practices to those in the Spanish healthcare system.

Field work in support of "positive treatment"

In 2010, the Foundation was actively involved in the positive treatment of children, in families and in institutions. It awarded its **Social Pediatrics Prize** (10,000 euros) to Dr. Marie-Odile Serinet-Orbach for a project involving group workshops aimed at strengthening family ties surrounding children suffering from chronic illness, especially in cases of extended hospitalization.

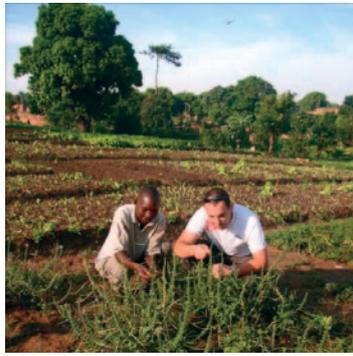
A call for projects issued to company employees led to the formation of two new partnerships supporting underprivileged children (Emmaüs) and reading in pediatric hospitals (Charles-Perrault Institute). On the international front, the Mustela Foundation reaffirmed its support for the Asmae - Sœur Emmanuelle association (20,000 euros) and released 40,000 euros in aid to the ATD Quart Monde organization in Haiti.



Sustainable development

“The company sets the course for its commitments”





Since it became a member of the UN Global Compact in 2004, Laboratoires Expanscience has focused on assuming its Corporate Social Responsibility (CSR). By formalizing its core commitments for 2015, the company goes even further, placing sustainable development at the heart of its company strategy, a true force for sustainable economic development.

Laboratoires Expanscience has social responsibilities at every level of its business, from procurement of ingredients to product end of life. Specific commitments established in 2010 set a benchmark, a genuine roadmap to prioritize sustainable development actions and assess the results achieved over the next five years.

Increasingly responsible products

Ecodesign. In 2010, Laboratoires Expanscience continued its ecodesign activities and pushed them even further. In the Dermo-Cosmetics field, 100% of new products will be ecodesigned by 2015, i.e. 20% of its turnover. In our pharmaceutical business, the company implemented an action plan for the period 2010-2015 designed to reduce the environmental impact of its medication, Piasclédine 300.

Raw materials. Expanscience made the most of the Year of Biodiversity and the adoption of the Nagoya Protocol to formalize its own responsible sourcing benchmark. This internal code mainly relies on the new ISO 26000* standard and will be applied to the company's 13 plant-based channels by 2015. Based in Mexico City since the end of 2009, one of our employees handles the development of sustainable procurement activities in the field

and provides a point of contact for South American and African populations. In Burkina Faso, for example, the company provided tangible support to a group of women harvesters, specifically through access to microcredit, advances against receipts and assistance with organic labelling.

Natural products. In order to its commitment, Expanscience placed its definition of natural products for its dermo-cosmetic products on its dedicated sustainable development website (www.sustainable-development-expanscience.com). It disclosed its formulation policy in complete transparency. In this spirit, the Mustela Bébé ranges, reformulated to eliminate any questionable ingredients (such as parabens and phenoxyethanol), were deployed internationally in 2010.

Packaging. The company continued its policy of reducing, replacing and recycling its product packaging. For example, the basis weight for bottles of Mustela 750 ml Lait de Toilette was reduced, resulting in an annual reduction of 9 tons of plastic. In addition, the company decided to use recycled plastic in tubes, bottles and capsules for certain products in the Stelatopia, Solaires and Stelaprotect ranges within the Mustela brand. This led to a 4.4 tons reduction in the use of virgin plastic.

note

Piasclédine 300, a medication sold by Expanscience, is the subject of a specific action plan intended to measure its environmental impact and residues in water in order to reduce them.

Expanscience made the most of the Year of Biodiversity and the Nagoya Protocol to formalize its own responsible sourcing benchmark.



www.sustainable-development-expanscience.com

15%
savings on water
consumption in 2010

13.5
tons savings of virgin
plastic in 2010

An ambitious environmental policy

Reduction of greenhouse gas emissions.

Based on its carbon footprint assessment in 2009 carried out in the following areas: head office (travel, building), the Épernon industrial site (energy, buildings) and logistics (procurement and distribution in France), the company set an ambitious goal for 2015 to reduce its greenhouse gas emissions by 20%. Cross-departmental projects are underway to achieve this, including work on the company's vehicle fleet, logistics, travel, packaging and other areas.

Reduction of consumption.

Laboratoires Expanscience also set a goal of reducing water and energy consumption and waste production by 20% between 2010 and 2015. Starting in 2010, the commissioning of a vacuum pump that does not consume water and optimization of washing protocols in workshops at its Épernon production site allowed a 15% reduction in water consumption, for an initial annual goal of -7%. The drop in the number of office consumables: another success story for the year: -30% for ink cartridges, -39% for paper. For gas consumption (+0.85% in 2010), electricity consumption (+7.4% in 2010) and waste production (+22% in 2010), areas for improvement are being studied in order to achieve our 2015 goals. ■■■ (cont. on page 16)

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Commitment:
a matter of
corporate responsibility”

“The originality of Laboratoires Expanscience's sustainable development policy lies in its upstream organization of a supply chain which both respects biodiversity and aims to reduce North-South inequalities. This is very positive in my view. Too often, since the Grenelle environmental round table, France has limited the concept of sustainable development to the fight against climate change. Expanscience has made its commitment a matter of corporate responsibility. It applies a collective and participative response, which unfortunately is still far from being a general rule.”

Conrad Eckenschwiller
Permanent representative in France
for the United Nations
Global Compact

CRS performance

CHALLENGES	DESCRIPTION/FORMATS
COSMETIC INGREDIENTS	
Percentage feedback of likely to very likely undesirable effects in relation to units sold (excluding pharmaceuticals, cosmetic active ingredients, and promotional items)	Number of undesirable effects (cases closed which were likely or highly likely to be attributed to the product, excluding misuse) in relation to the number of units sold worldwide (sell in).
SERVICE PROVIDERS AND SUPPLIERS	
Incorporate sustainable development criteria into the selection of service providers and suppliers	Preparation of a survey on our suppliers' and service providers' sustainable development practices Establishment of a responsible procurement policy.
Incorporation of sustainable image characteristics	Printing of communication booklets and documents on paper made with pulp from sustainably managed forests (PEFC and FSC labels). Printing product packaging on cardboard made with pulp from sustainably managed forests.
Limiting the vehicle fleet's environmental impact by reducing CO ₂ emissions	2010 Goal: to reduce average CO ₂ emissions by at least 130 g/km.
ENVIRONMENTAL PRACTICES	
Reduce energy consumption at the Épernon industrial site	Assessment and collection of energy-related items.
Reduce water consumption at the Épernon industrial site	Assessment and collection of water-related items.
Optimization of waste management at the Épernon industrial site	Assessment and collection of waste-related items.
Employee awareness campaign for energy savings, recycling and collection	Implementation of awareness campaigns to facilitate employee commitment.
ETHICS AND MANAGEMENT	
Integration of SRI products	Integration of Socially Responsible Investment (SRI) products into the company's financial tools.
Standardize good managerial practices	Improve our management practices.
Monitor gender equality	Breakdown of men and women at the company.
PRODUCTS	
Reduce the environmental impact of packaging	Introduce recyclable cosmetic packages to our Dermo-Cosmetics ranges (Noviderm and Mustela).
	Reduction in the quantities of cardboard packaging in cosmetic and pharmaceutical products. Use vegetable oil-based inks to print our packaging.
	Reduction in the quantity of plastic used to package cosmetic products. Reduction of pallet wrapping for our products in tubes.
STAKEHOLDERS	
Encourage dialogue with stakeholders	Share our sustainable development challenges with the public and with our partners.
	Dialogue and discussions on our sustainable development policy with internal and external stakeholders (doctors, pharmacists, associations, NGOs, professional organizations, etc.).

INDICATORS FOR 2009	INDICATORS FOR 2010
0.0003%.	0.0006%.
Of the 46% of suppliers who responded to the questionnaire, 52% carry out "voluntary or leading" sustainable development policies, while 48% view themselves as "delayed or emerging" in this area. A responsible procurement policy was established that incorporates sustainable development criteria into our invitations to tender.	Of the 60% of suppliers who responded to the questionnaire, 65% carry out sustainable development policies, while 35% view themselves as delayed. 44% emerging. 21% voluntary.
93.6% of company booklets and brochures intended for outside recipients are printed on paper made with pulp from sustainably managed forests with PEFC or FSC labels.	For all documents printed: - 76% of documents on PEFC or FSC; - 24% of documents digitally printed (not subject to certification).
Long-term hire fleet results by level of g of CO ₂ /km emissions: < 130 g = 38%; 130 g < > 160 g = 59% (87% are < 140 g); > 160 g = 3%. Average of 135 g CO ₂ /km.	Long-term hire fleet results by level of g of CO ₂ /km emissions: < 126 g = 27%; 127 g < > 156 g = 71%; > 157 g = 2%. Average of 131 g CO ₂ /km.
Electricity: consumption in oil equivalent/100 units produced = 5.4 L. Gas: consumption in oil equivalent/100 units produced = 11.7 L.	Electricity: consumption in oil equivalent/100 units produced = 5.8 L. Gas: consumption in oil equivalent/100 units produced = 11.8 L.
Consumption in liters of water/100 units produced = 234.	Consumption in liters of water/100 units produced = 199.
Waste in kg/100 units produced = 2.3. Percentage of waste recycled = 61%.	Waste in kg/100 units produced = 2.8. Percentage of waste recycled = 56%.
5.6 tons of paper were collected for recycling (down compared with 2008 due to reduced paper usage: double-sided printing, paperless meetings, etc.).	5.8 tons of paper were collected for recycling.
Investment of 10% of cash in an SRI fund.	Investment of 40% of cash in an SRI fund.
100% of employees had an annual performance review. 11.8% of the training budget dedicated to enhancement of managerial skills.	92% of employees had an annual performance review. 8.6% of the training budget dedicated to enhancement of managerial skills.
Women: 59%. Men: 41%. Of which managers: women: 18%, men: 11%.	Women: 58%. Men: 42%. Of which managers: women: 17%, men: 12%.
89.5% of our bottles (i.e. 98% of volume produced) are recyclable*.	89% of our bottles (i.e. 97.5% of volume produced) are recyclable*.
Reduction/elimination/modification of product packaging and inserts resulted in the reduction of paper/cardboard consumption: Mustela Bébé (6.7 tons), Mustela 9 Mois (4.1 tons), Micro-régime (300 kg). Total savings of 11.1 tons. 100% of our packaging is printed with vegetable oil-based inks.	Removal of the insert from the Mustela Dermo-Pediatrics range resulted in a 3.9 ton reduction in annual paper consumption. 100% of our packaging is printed with vegetable oil-based inks.
84% of our products in tubes are no longer pallet-wrapped. Changing the material of our retractable protective tubes resulted in a reduction of 2.1 tons of plastic. Lightening the Mustela 9 Mois 125 ml tube capsules by 42% will save 920 kg of plastic, and lightening the Mustela Solaires 50 and 75 ml tube capsules by 38% will save 964 kg of plastic. A 9% reduction in the height and thickness of a rigid tube of Fixical (500 mg and 9 mg Vitamin D3) will allow us to save 823 kg of plastic. This will lead to a total savings of 4.8 tons of plastic.	100% of our products in tubes are no longer pallet-wrapped. Reducing the total weight of the 750 ml Mustela Bébé bottle enabled us to save 9 tons of plastic. • incorporation of 50% recycled plastic into tubes (15, 50 and 75 ml) for the Mustela Solaires range; • incorporation of 25% recycled plastic into bottles (200 and 400 ml) for the Mustela Dermo-Pediatric range.
Tour of our Épernon site by students at Collège Michel-Chasles in Épernon (part of the network of schools in partnership with UNESCO) and by a representative from Épernon Town Hall.	Signing of a partnership agreement with Collège Michel-Chasles in Épernon.
Creation of the panel and initial meeting held at the end of 2009.	Two meetings with the group of stakeholders held in 2010.

* Based on market recyclability criteria.

Responsible communications

With a focus on providing customers, patients and consumers with quality information, Expanscience signed the UDA (French Advertisers' Union) Responsible Communications Charter at the end of 2009. All of the marketing/communication teams in France were trained and provided with a guide. By taking these steps, Expanscience incorporates an ethical perspective into all of its communications by relying on accurate and verifiable arguments, by encouraging its target audience to engage in responsible behavior, by using customers' private data with integrity and by taking environmental impacts into account when selecting communications media.



3.9

tons of paper saved in 2010

- ... **Reduction in effluents.** A 1.4 million euro investment was granted in 2010 to create a pre-treatment facility for sulphate-rich effluents at the Épernon site. The pollutant load of industrial wastewater will be considerably reduced prior to treatment by the communal wastewater treatment plant.

Fulfilling social and community responsibilities

Social policy. Expanscience management and employee representatives signed an agreement on senior employment which exceeds its legal obligations. Nearly 200 employees are affected by the measures enacted, which include ensuring that employees age 55 and over comprise 8% of the workforce over three years, improving their working conditions, establishing a mentoring system and conducting interviews concerning the latter half of their careers.

In terms of quality of life at work, themed conferences for company employees on preventive health measures were led by outside speakers.

Expanscience makes financial contributions in support of employee leave for volunteer work. In partnership with Planète Urgence, two employees took part in a humanitarian mission in Madagascar: one provided educational support to children and teachers, while the other organized socio-educational events at a resource center.

Responsible investment. At the end of 2010, the proportion of company cash invested in Socially Responsible Investment products (SRI) reached 40% (compared with 10% at the end of 2009).

Relationships with stakeholders. An advisory committee made up of approximately ten stakeholders was established in 2009. The committee met twice during 2010 and was asked to provide opinions on the company's sustainable development strategy.

Expanscience formalized its partnership in 2010 with Collège Michel-Chasles in Épernon, Eure-et-Loir, an eco-school associated with UNESCO. Both parties are committed to maintaining regular contact (discussions about Expanscience's activities, involvement in the school's jobs forum, etc.) and to promoting the various initiatives that they jointly undertake.

* Voluntary standard concerning companies' social responsibilities.

note

Stakeholders such as NGOs, patient and consumer associations and local partners are invited to comment on the company's sustainable development policies.



INNOVATION, RESEARCH AND DEVELOPMENT. In a constantly changing environment, the spirit of innovation never stops driving the value creation chain at Expanscience. Enhancing its scientific expertise while constantly renewing itself allows the company to provide its healthcare professional partners, patients and consumers with health and well-being solutions that are increasingly supportive and innovative.

Broadening our expertise and remaining creative

note

Since its founding, Expanscience has made significant investments to gain greater understanding of the barrier function of infant skin.

Research: increasing expertise about the skin

Since its founding, Expanscience has made significant investments to gain greater understanding of the barrier function of the skin - specifically infant skin - through the use of non-invasive technologies. The company recently launched a basic research project involving a pool of European dermatologists to investigate skin reactions at birth. The initial results of the clinical study presented at the

Paris Dermatology Days in 2010 highlighted the specific characteristics of infant skin.

In the field of applied research, the cell culture usually allows researchers to learn the effects of an active substance on a cell. Expanscience is working on developing alternative, more complex models which, based on reconstructed tissue or human skin explants in 3D, permit assessment of a cosmetic product's action on human skin by closer approximation to the parameters of a clinical study.





■ ■ ■ **Scientific development: a good year**

With 40 publications since 1997 (and no less than five international publications in 2010), Expanscience's R&D expertise has achieved genuine recognition in the scientific community. One of its papers, written in partnership with a team from Université Claude-Bernard in Lyon, involved the study of inflammatory mechanisms in dental pulp cells. Another publication which appeared in the journal *Inflammation*, shows the anti-inflammatory action of avocado sugars - an active ingredient patented by the company - on the skin. Finally, in the journal *J Dermatol Treat*, an Expanscience publication cited a study showing that the clinical activity of sunflower concentrate - the constituent ingredient in Stelatopia - on light to moderate atopic dermatitis in children is equivalent to certain corticosteroids. This article supports the emerging consensus in dermatology concerning the inclusion of cosmetics in the therapeutic arsenal for dermatology. This publication was subject to a conference at the 2011 World Conference on Dermatology in Seoul. In addition, five patents were filed in 2010, demonstrating a strong impetus for investment and innovation.

Active substances and innovative, responsible ingredients

With Skinergium® Bio, based on Peruvian maca, which is the third cosmetic active ingredient certified "organic", as well as the launch of the Mustela range without potentially questionable substances (specifically parabens and phthalates), Expanscience's R&D center focused on natural products in 2010. By training its teams in ecodesign and the analysis of product lifecycles, it implemented an approach to reducing the ecological and ecotoxicological impact of its products and active ingredients.

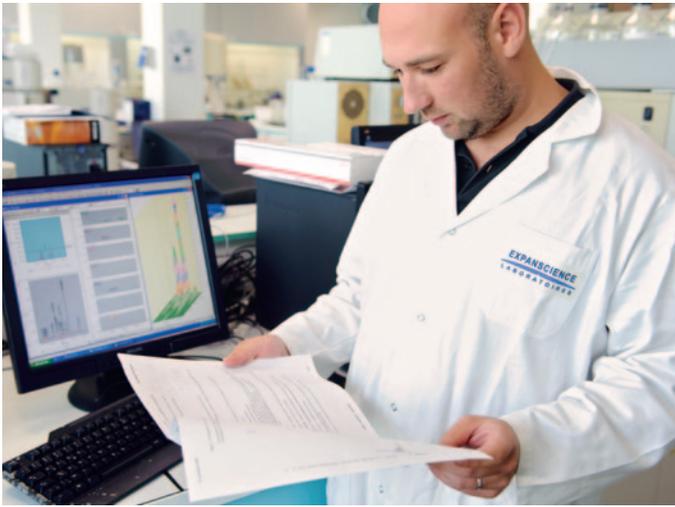
At the same time, the company anticipated the Nagoya accord in September 2010 - the highlight of the Year of Biodiversity - by organizing responsible and equitable plantprocurement systems. This has been formalized by initiating local actions in supplier countries, in Latin America and in Africa, by a "sourcer" based in Mexico City.

As part of its efforts to comply with European REACH regulations, Expanscience registered some of the main chemical substances included in the manufacture of its pharmaceutical products in 2010. Upstream, the manufacturing process includes more and more patented green extraction technologies,

5.3%
of turnover invested
in R&D in 2010



www.original-asu.com



40

scientific publications
since 1997

63

patents filed
in France since 1997, including
464 international extensions

alternatives which combine effectiveness and safety for people and the environment.

Support for industrial processes

R&D at Expanscience includes making an active contribution to industrial challenges concerning production and the Supply Chain - an uncommon practice in the industry. The R&D team made significant contributions to defining the manufacturing facility in the New B2 building, construction of which was completed in 2010. During the year, R&D worked to optimize industrial plant extraction processes, simplifying them to increase profitability, securing them and adapting them to seasonal fluctuations in the supply of plant raw materials. In addition, the R&D department led the expansion and improved security of the analytical laboratory, a keystone in its approach to compliance and quality through Research and Development.

“**Commitment:**
develop products with
high added value”

“Our present is the future of the company. This is the root of the R&D team's commitment to consistently prove that we deserve the trust placed in us by our prescribers, our customers and our consumers. Our consumers expect market leaders to offer products with high added value - technically and scientifically as well as ethically. At stake is the sustainability of the company's double leadership role in business and ethical responsibility.”

Philippe Msika
Director of Innovation, R&D

Creativity emerging from the circle of experts

Graine d'ID, the company's innovative participatory approach, issued two challenges to employees in 2010 as part of the events to mark the company's 60th anniversary. The first, the company's unique internal contribution to corporate sponsorship through the Mustela Foundation, allowed us to identify projects related to the positive treatment of children. The second led to concrete ideas concerning waste reduction. Recognized outside the company for its unique, relevant and effective support of global innovation, in November 2010 the Graine d'ID approach received the Integrated Innovation prize awarded by the French Innov'Acteurs association.

In support of the recommendation and advisory role

Each day, **Expanscience Medical Representatives** provide high-quality information to doctors under the Medical Sales Visit Charter. Expanscience's teams of pharmaceutical representatives and dermo-cosmetic trainers provide a full range of high value-added services: merchandising advice, additional sales support, training adapted to new efforts to provide advice and therapeutic instruction for pharmacists. Training teams also work alongside hospital employees, providing information on the composition and proper use of the company's products.

To develop their professional skills

Expanscience encourages the practice of Evidence-Based Medicine, which promotes treatment decisions based on the best available clinical data. Laboratoires Expanscience has created websites dedicated to specific pathologies for its various fields of expertise, such as www.paroactiv.com (periodontal diseases) and www.arthrolink.com (rheumatology, arthritis). These websites offer updated content on treatment and support, and medical and scientific information validated by an editorial committee composed of renowned practitioners and experts in the field. The company also publishes reviews of medical and scientific information.

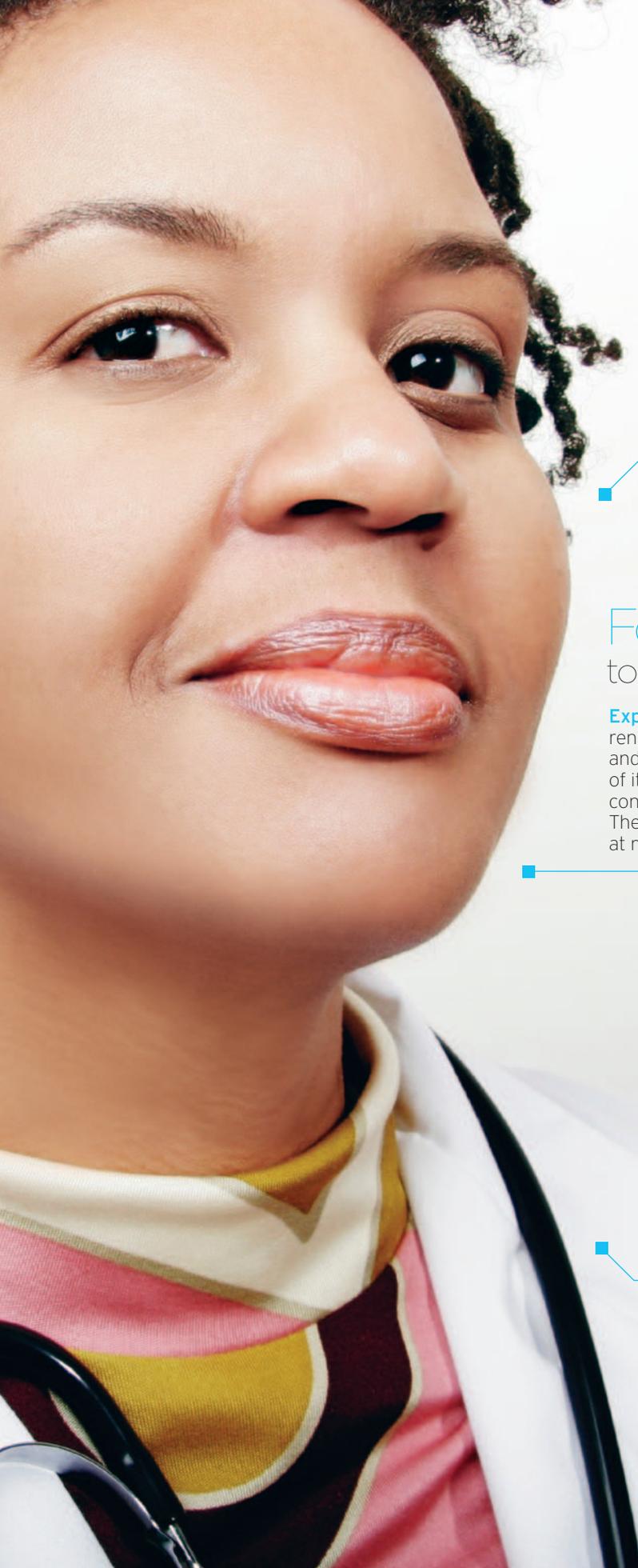
For high-quality continuing medical training

Recognized for its expertise, Laboratoires Expanscience helps to establish continuing medical education programmes in association with accredited professional organizations and learned societies, such as the Société Française de Rhumatologie and the Fédération Française de Rhumatologie. The company also supports several initiatives - such as the Qualiprat and Qualiact programs (under the aegis of the Institut Français de la Démarche Qualité en Santé) - as well as various national and international scientific conferences on dermatology, rheumatology and dental care. In 2010, nearly 1,500 healthcare professionals took part in one or more of these events with the support of Expanscience.

Supporting healthcare professionals

Whether it is for prescribers, advocates or distributors, Expanscience provides daily support to all healthcare professionals in carrying out their missions.





For funding scientific work

The support for research is demonstrated through several scientific prizes. Since 1998, for example Laboratoires Expanscience has awarded its Arthritis Prize for clinical and basic research by French-speaking researchers working in the field of rheumatology. The Expanscience Prize in Dermatology is awarded each year in association with the Société Française de Dermatologie.

For scientific contribution to professional debate

Expanscience R&D cooperates with internationally renowned research teams. Since 1997, 40 publications and 260 scientific posters have promoted the results of its work, in particular via presentations during conferences and symposia for the relevant profession. The Eradias clinical study in rheumatology was presented at multiple events, including the EULAR conference.

To address customer concerns about sustainable development

Laboratoires Expanscience has anticipated the growing demands of customers and consumers with regard to natural products and sustainable development. In the absence of enforceable regulations, the company published its definition of natural dermo-cosmetic products on its websites. In addition, 2010 was devoted to setting quantifiable goals and specific dates for sustainable development, milestones to allow the company to evaluate its actions.

find
out more

www.arthrolink.com

www.paroactiv.com

www.expanscience.com



RHEUMATOLOGY. In the high-pressure rheumatology market, Expanscience has highlighted its recognized expertise in arthritic disease and taken advantage of a challenging year to consolidate its leadership.

Consolidating

our historic legitimacy in the

At the end of 2010, with 38.5%¹ of the anti-arthritis market in days of treatment sold, Laboratoires Expanscience achieved a significant breakthrough. Armed with an especially coherent product portfolio and historical legitimacy among prescribers, it has consolidated its leading position in the treatment of arthritic disease.

A flagship product that has held its position

The leader among Slow-Action Symptomatic Anti-Arthritis medications in France, Piasclédine 300 strengthened its base in 2010, and now holds 36.7% of market share¹ for the year in a more competitive environment.

As the range's flagship product overseas, Piasclédine 300 remains an effective ambassador in Eastern Europe and Asia as well as Mexico, where it is now marketed directly through a local subsidiary.

Flexea: a successful launch

2009 was marked by the acquisition of the glucosamine product. In France, this innovative molecule, indicated for relief of light to moderate pain caused by arthritis of the knee, is an effective supplement to the Arthritis range. The first reimbursable form of glucosamine introduced on the French market in May 2010, Flexea has outstripped its four challengers.

With Notices of Compliance obtained through a European registration procedure, Expanscience's form of glucosamine is now marketed in ten European countries, strengthening the Arthritis range's market penetration overseas.

Strong results for the rest of the range

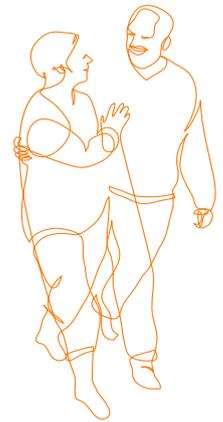
Other products in the rheumatology range stood out through strong performance in their respective segments.

note

The first reimbursed form of glucosamine introduced on the French market Flexea, has outstripped its four challengers.

38.5%

of the anti-arthritis market
in days of treatment sold
at the end of 2010



www.arthrolink.com

arthritis field

The second leading hyaluronic acid² on the market in units, Hyalgan built loyalty among practitioners, with 39% of them prescribing it³, and established itself as a leader in the number of patients treated by independent rheumatologists.

In the analgesic market, Takadol, the second leading brand in the immediate-release pure tramadol market, enjoyed a vigorous performance, greater than its direct competitor.

The Fixical range maintained third place in the highly competitive vitamin and calcium supplements market.

1. Source: Gers SIG, 2010 annual total, day of treatment, Slow-Acting Anti-Rheumatic Drug Segment.

2. Source: Gers SIG, 2010 annual total.

3. Source: ICOMED 2010.

“

Commitment:
show that we
are worthy of trust”

“Expanscience remains positioned as a laboratory with commitments that go well beyond product promotion. In the field of rheumatology, this commitment is demonstrated through its expertise and the support provided to practitioners. The tools and services we provide - Continuing Medical Training, assessment of practices, publications, Clinical and Basic Research prizes - rely on long-standing scientific partnerships.”

Hafid Halhol
Director Rheumatology and Dental Care,
Economic and Institutional Affairs

Confirmed interest

Widely distributed during 2010 at conferences and symposia, the results of the Eradias study (Radiological Assessment of Avocado Oil and Soybean Unsaponifiables) show the possible structural modifying effect of Piasclédine 300 in the treatment of cartilaginous lesions in arthritis of the hip. The study was conducted over three years with 399 patients. It confirms the value of prescribing Piasclédine 300 for patients with arthritis of the hip.



DERMATOLOGY. The second most common problem treated by dermatologists after warts, acne has been subject for a decreasing number of consultations and prescriptions over the past several years. Expanscience was not spared from this trend during 2010. But thanks to its solid reputation among dermatologists, its range maintained its market leadership and totalled more than a quarter of prescriptions for oral acne treatments.

Capitalize

on recognized expertise
in the treatment of acne

Provide an appropriate response

With four medications covering complementary indications, Expanscience's Dermatology range provides an appropriate response to all types of acne, from the mildest to the most severe forms. In an effort to support dermatolo-

gists in their practice, the company has selected a dedicated team of Medical Representatives. Nearly all dermatologists in France receive quality medical information as well as prescription assistance tools, which are especially useful for proper delivery of Procuta, a restricted prescription medication.

Continuing Medical Training

By organizing theme-based symposia at national dermatological conferences, Expanscience makes solid contributions to Continuing Medical Training for practitioners, in cooperation with the discipline's professional organizations and learned societies. Accordingly, the Expanscience symposium on the new CCAM nomenclature in dermatology was presented to a packed house at the French Provincial Dermatology Days at Clermont-Ferrand in March 2010.

note

In an effort to support dermatologists closer to their practices, Expanscience has selected a dedicated team of Medical Representatives.

25.6%

market share (in turnover)
for oral acne treatments²

Expanscience maintains a presence at the profession's main national events. In 2010, the company led symposia and training at the National Provincial Dermatology Days in Clermont-Ferrand and at the Paris Dermatology Days.

Ongoing advances in medication

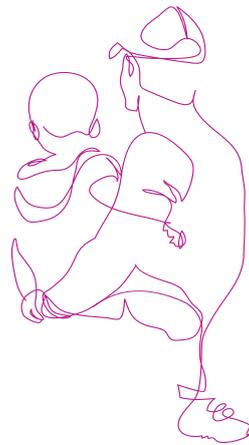
An antibiotic designed to treat moderate cases of acne, Doxylis Gé is among the most described doxycycline-based antibiotics on the market. After several years of strong growth, in 2010 the product recorded slower growth.

A medication used to treat moderate cases of acne and maintenance treatments, Effizinc appears to be the most potent in the zinc segment. For Effizinc, the year ended with a growth rate more than five times higher than its segment. Accordingly, the product's market share rose from 37.8% in 2009 to 39.2% in 2010¹.

Products which preserve their benefits despite challenges

A medication used to treat severe or resistant acne, Procuta has maintained its second place among sales of isotretinoin. Minolis is the only minocyclin used in dermatology practices. Although use of minocyclin is declining, this antibiotic's market share increased.

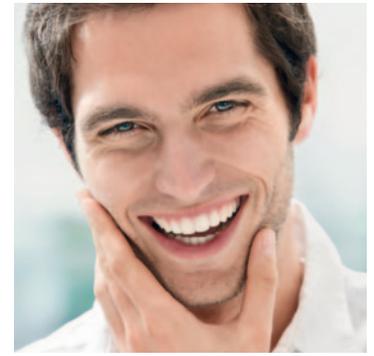
1. Source: Gers, fixed annual total at the end of November 2010.
2. Gers data on turnover, rolling annual total at the end of November 2010.



“
Commitment:
support research
in dermatology”

“The Expanscience Prize in dermatology is awarded each year in partnership with the Société Française de Dermatologie, which independently forms the jury. The prize recognizes university research teams for their work in clinical dermatology. It is presented at the *Journées Dermatologiques de Paris* (Paris Dermatology Days), which is the profession's main event.”

Delphine Lalande
Marketing Manager - France
Dermatology



DENTAL CARE. In 2010, players in the dental treatment and medication market faced a very challenging year. The emergence of generic medications has disrupted the competitive environment. In addition, falling reimbursement rates successively impacted Piasclédine 300 and Prexidine. Thanks to its outstanding reputation among dentists, however, Laboratoires Expanscience managed to maintain its position.

Rely

on our expertise to confront
a challenging year

Expanscience's business in the Dental Care field reported sharp contrasts during 2010.

Limited impact of falling reimbursement rates

Piasclédine 300 and Prexidine continue to be among the five products most prescribed by dentists. While the periodontal disease adjunct therapy segment declined by 7%* due to falling rates, from 35% to 15% (Decree no. 2010-6 dated 5 January 2010), Piasclédine 300 held its market position.

The mouthwash market recorded a net drop in value of 8%. Prexidine, however, remained steady despite the reappearance of its main competitor, one year after it withdrew from the market.

Faultless performance for Hyalugel

The long-term vitality of the oral dressings market continued in 2010. Due to its sustained

promotional efforts, Hyalugel achieved a spectacular breakthrough. It gained 1.9% of market share at the expense of the segment leader. A product traditionally sold through pharmacists' recommendations, Hyalugel expanded its base by playing a leading role among dentists' prescriptions.

On the tenth anniversary of its Dental Care business, Expanscience is launching an innovative range in 2011, dedicated to the prevention of dental plaque.

Delayed dynamics for products used in the dentist's chair

2010 was a year of contrasts for SBS 40/60 synthetic bone substitutes and EZ Cure3 resorbable collagen membranes. After a slowdown in sales during the first half of the year, they began to recover in the latter half, allowing EZ Cure3 to finish the year with double digit growth.

note

Piasclédine 300 and Prexidine continue to be among the five products most prescribed by dentists.



www.paroactiv.com

“

Commitment: for improved treatment options”

“The ParoActiv’ brand underlines Laboratoires Expanscience’s investment with Dental Care professionals. We not only provide them with a complete range of therapeutic solutions. We also deliver quality services for improved treatment of periodontal disease. Through its close daily contact with dental surgeons and pharmacists, our team of Dental Representatives embodies this commitment.”

Bruno Boezenec
Director of Dental Care Operations

Increasingly recognized expertise

The umbrella brand ParoActiv’, established in 2009, ploughed ahead and affirmed the company’s Dental Care expertise. Concerned with increasing its credibility among dental hygiene specialists, Expanscience established a board of eight experts. Meeting three times a year, these renowned academics and practitioners selected winners for the first ParoActiv’ Prize, which recognizes scientific articles in the field of periodontal diseases.

In addition, the brand’s website, which provides a dedicated area for dentists, was enhanced by a series of interactive clinical case studies. Finally, ParoActiv’ e-news is issued three times a year, with medical and scientific information intended for dentists.

* Source: Xponent, rolling total turnover to November 2010.

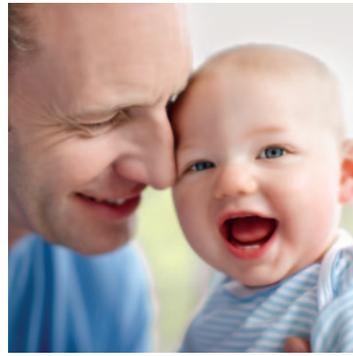
94.5%

of market share for Piasclédine 300
as an adjunct therapy for periodontal
disease

New award



By establishing the ParoActiv’ Prize, Expanscience demonstrates its support for clinical and research work in periodontology/implantology. Selected by a board of independent experts, the winners of the inaugural prize were revealed on 4 June 2010 at the National Congress of the French Society of Oral Implantologists and Periodontologists (SFPIO) in Strasbourg. The awardees were Dr. Hoang-Lan Annie Nguyen of Strasbourg, for an article on connective grafts, and Dr. Zahi Badran of Nantes for an article on current data concerning bisphosphonates in periodontology. Each of them received a prize of 1,500 euros.



DERMO-COSMETICS. In 2010, Laboratoires Expanscience successfully maintained its position as the European leader on the market of infants and pregnant women skin care products sold in pharmacies. Improving over years, the Mustela brand has again proven its capacity for innovation. For its part, the Noviderm brand again won over the confidence of dermatologists.

Consolidating growth in a changing global

Mustela reasserts its leadership

Through its high quality offer and dynamic approach, Mustela continues to expand its pharmacy sales in the infant skin care and treatment of pregnant women markets, and reasserts its European leadership*. Sixty years of innovation and support for parents and healthcare professionals explain the confidence of several generations.

Mustela: 60 years of success

A forerunner in 1950 with the first lait de toilette for infants, the brand has innovated and progressed to meet the expectations of parents and healthcare professionals. In 2009, Mustela transformed all of its products to achieve greater effectiveness based on scientific knowledge and increasingly natural products, in order to address the growing expectations of parents. In 2010, this meticulous work took concrete form in a new advertising campaign.

“

**“Commitment:
sustainably
develop our brands”**

“Our brands are committed to a three-pronged sustainable development approach: products, consumer gifts and transparent communications. As an illustration, our 2015 goals: 100% of all new products sold will be ecodesigned and 20% of all dermo-cosmetics sales will be of ecodesigned products.”

May Homs-Saliba
Director, Mustela and Noviderm Brands

82%

Average for natural ingredients
in Mustela products

Sixty years of outstanding history

Today and for more than 60 years, Mustela has worked to provide the best products for infants and mothers-to-be. It strives to ensure safety, effectiveness, quality, natural ingredients and sensory pleasure. To celebrate the event, Mustela organized a one-week exhibition in France in July 2010 at the Jardin d'Acclimatation on the theme "Voyage initiatique dans la peau d'un bébé" (Introduction to life through a baby's eyes).



www.mustela.com

economic climate

New advertising campaign

Highlighting the brand's expertise, emphasizing a move toward more natural ingredients and immersion in the world of infants are the campaign's objectives. The skin undergoes tremendous change during pregnancy and the first years of a baby's life. What better than Mustela to help the skin address these challenges? From this a new brand signature emerged: "At times like these, skin needs Mustela." To signify the shift toward more natural ingredients, a logo highlights the priority given to natural ingredients and the exclusion of any substances which might cause concern. An advertisement entitled "Natural emotions" is devoted to this event.

2011, consolidation and action

Mustela is reaffirming its commitment to supporting the changing skin of pregnant women and infants, and to improving the treatment of their skin problems. In 2011, the company will consolidate all

lines and continue supportive actions at points of sale, on the internet, for healthcare professionals and for parents.

Noviderm, a brand favored by dermatologists

Dedicated to skin problems faced by adolescents and adults, Noviderm continues to support dermatologists, who show great confidence in the brand. Noviderm supplements the treatment of skin prone to acne with Boréade, fights skin hypersensitivity and redness with Sérénactiv and Isotéliale, and combats age spots with Melanex.

* Source: IMS, rolling annual total at the end of October 2010, France, Spain, Belgium, Italy, Poland, infant hygiene and care and treatment of stretch marks. Portugal hmR: Health Market Research.

note

A new study on Stelatopia, a range intended for atopic skin, demonstrates its true impact on precursors to inflammation.



COSMETIC ACTIVE INGREDIENTS. The Cosmetic Active Ingredients business posted strong results in 2010. Laboratoires Expanscience highlighted its added value in a reenergized launch of cosmetic products.

Standing apart through our strategic decisions

2010 was a year in which the international cosmetic industry's main players resumed new product development. Based on its recognized expertise in the field of plant active ingredients, Expanscience posted strong sales growth with a record increase.

Assets that meet market expectations

Thanks to its initial strategic direction and focus on natural ingredients, Expanscience fully benefits from consumers' growing interest in natural cosmetic ingredients, a deep-rooted trend which was in full swing during 2010. Concern about sustainable development by players in the sector is also reflected in the company's efforts to establish equitable supply channels for sourcing its ingredients and to limit the environmental impact of its products.

Significant commercial successes

Two active substances in the catalogue posted unprecedented sales: the hydrating lotion Soline® climbed to the top of the portfolio, while the anti-ageing product Collageneer® saw sharp sales growth. In addition, organic products were warmly welcomed abroad to supplement the range in 2010: the sunflower oleodistillate Soline® Bio, the maca root hydrolysate Skinergium® Bio and the organic certified Sésaline®, an anti-free radical product made with sesame oil.

The market revived through growth both in France and abroad, which posted 57% of sales for the financial year. Expansion of the business was advanced by a move into new markets, such as Japan and South Korea.

note

Expanscience fully benefits from consumers' growing interest in natural cosmetic ingredients, a deep-rooted trend which was in full swing during 2010.



www.expanscience-ingredients.com

57%

of turnover in Cosmetic Active Ingredients was achieved outside of France in 2010

Enhanced visibility

Among suppliers of cosmetic ingredients, Laboratoires Expanscience is renowned for its pharmaceutical knowledge. This scientific rigour provides active ingredients with solid proof of effectiveness. In 2010, a new biological activity was highlighted, demonstrating the soothing properties of Soline®. The company promotes its active principles, especially through its involvement in the industry's main international conventions, such as In-Cosmetics and the IFSCC, key meetings for producers of ingredients.

“**Commitment:
a scientific and
responsible response**”

“Our contacts, R&D players in the cosmetics industry, need quick and effective support as they develop their formulas. Our commitment involves providing both qualitative and quantitative answers, which are comprehensive from a scientific standpoint and accurate and concrete with regard to responsibility.”

Alex Saunois
Lipid Chemistry and
Plant Extraction R&D Manager

A successful investment

The 20th In-Cosmetics trade fair was held in Paris in April 2010. A great opportunity for the Cosmetic Active Ingredients division, which was determined to have a strong presence at the event: a new stand, exclusive sponsorship of the conference entrance area and a special display of Sésaline® Bio and Soline® Bio, new products on the stand and on the innovation wall... All aimed at making an impact on the 7,840 visitors from all over the world. Record attendance this year!



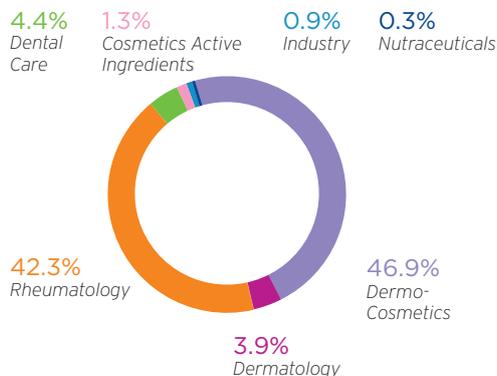
2010 in figures

Turnover by geographical area

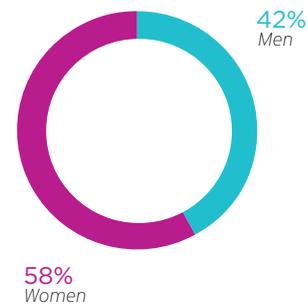
37% International
(of which subsidiaries: 24% and exports: 13%)



Breakdown per activity



Staff breakdown men/women in France



Results

Turnover

€233.6 M

Operating profit

€16.7 M

Staff breakdown per activity in France



FRANCE

10, avenue de l'Arche
92419 COURBEVOIE CEDEX

BELGIUM

Brusselsesteenweg, 800
2^e étage
1731 ZELLIK

ITALY

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20142 MILANO

MÉXICO

Amsterdam 229, 1er Piso, Col.
Hipodromo Condesa
06100 MEXICO, D.F.

POLAND

Ul. Zelazna 67/78
00-871 WARSAWA

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5^oandar
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60 years of commitment. Laboratoires Expanscience strives to improve your health and well-being. 60 years of proven commitment. A family committed to the company's long-term future. Employees in constant pursuit of innovation, to offer higher-performance, safer products to patients and customers around the world. Daily support for health professionals in their work. Adopting a voluntary approach to sustainable development that exceeds its industrial responsibility and the scope of its brands.

Commitment is Laboratoires Expanscience's strength!

Laboratoires Expanscience

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www.expanscience.com