
COMMUNICATIONS, SPONSORSHIP AND CSR DEPARTMENT

As signatories of the Global Compact in 2004, this year Laboratoires Expanscience is celebrating **10 years of commitment alongside the United Nations**, promoting and ensuring respect for international principles in relation to human rights, working conditions, the environment and working to combat corruption.

Signing the Global Compact has played a central role in Laboratoires Expanscience's commitments in its Corporate Social Responsibility policy, marking its formalisation and enshrining these principles as a core part of the business's strategy.

The efforts we have made to honor our commitments were recognized in 2013. Following an analysis of our CSR approach by the French standards organization, AFNOR, we achieved "Exemplary" level with a score of 708 points out of 1000. We are the first pharmaceutical and dermo-cosmetics laboratory to achieve this level.

This assessment gives us further encouragement to continue along the path we embarked on several years ago now. Moving forward, we are planning to work on the areas for improvement identified by AFNOR. For now, these results reward the company, our processes and the dedication of our employees.

Every year, as a member of the Global Compact, Laboratoires Expanscience publishes a Progress Report, to publicize the actions taken to guarantee the 10 principles enshrined in it. For each category, we have indicated the actions taken in 2013 in terms of compliance and promotion but also the results achieved. We confirm our continued support for the Global Compact initiative.

Jean-Paul Berthomé
CEO, Laboratoires Expanscience

About Laboratoires Expanscience

Expanscience is an independent French pharmaceuticals and dermo-cosmetics laboratory, which generated revenues of €259.4 million in 2013 – 45% of it in international sales – and employs 893 staff.

For over 60 years, the business has developed an international reputation for rigor, innovation and expertise in the treatment of osteoarthritis and skin health. Its products, which include two leading brands – Piasclédine 300 and Mustela – are sold in over 97 countries (85 distributor countries and 12 subsidiaries). Expanscience also develops and markets active ingredients of natural origin for the French and international cosmetics industry.

Preserving people's health, whether in terms of mobility or skin health, has always been at the heart of the group's growth strategy.

Laboratoires Expanscience is driven by its commitment to supporting health professionals in their role of prevention, advice and information and has implemented numerous projects to educate, teach and share experiences with both patients and consumers.

The whole of the value chain is an integral part of the business, from research to production and distribution.

Its cutting-edge research, which focuses on cartilage and the skin's barrier function, has resulted in 723 patents being filed around the world. Its products are made at an ISO 14001-certified site in Épernon, France, using processes that are based on respect for people and the environment. This guarantee of quality and the fact that Expanscience's products enjoy a reputation for being "made in France" are key elements of its international influence.

Laboratoires Expanscience has actively implemented a Corporate Social Responsibility policy for the last ten years. Its commitment is reflected in its policy of sourcing plant raw materials based on respect for their producers and countries of origin and by more ecological product design, amongst other things.

Expanscience is the first pharmaceutical and cosmetics laboratory whose contribution to sustainable development was recognized as exemplary by AFAQ 26000 in 2013.

Laboratoires Expanscience in figures

Date created: 1950

2013 revenue: €259.4 million

85 distributing countries

12 subsidiaries

893 employees

58 million products manufactured in 2013

Business lines: Dermo-Cosmetics, Dermatology, Rheumatology and Cosmetic Active Ingredients.

Find out more: www.expanscience.com

Principle no. 1: *businesses should support and respect the protection of internationally proclaimed human rights.*

Principle no. 2: *businesses should make sure that they are not complicit in human rights abuses.*

In 2011, we formalized a **responsible purchasing policy** to ensure that the business's purchasing activities reflected the principles we support, particularly in relation to human rights. As a result, all employees are required to comply with a code of conduct, which stipulates that "Expanscience undertakes only to work with suppliers who meet social and environmental standards and comply with commercial practices in accordance with its membership of the Global Compact since 2004 and its approach to CSR."

The Responsible Purchasing policy is driven by a desire for dialogue and continuous improvement with our suppliers. All our suppliers are also familiar with the **"Responsible Purchasing Charter"**. The Charter stipulates that, "Laboratoires Expanscience wants its suppliers and service providers to pay particular attention to the following points: respect for the fundamental rights of the men and women who work for them or for their suppliers or subcontractors, as defined by the ILO*." Expanscience is committed to engaging in more detailed dialogue with its suppliers on CSR-related topics. As a result, it carried out a support assessment in 2013 with one of our major suppliers in the area of direct purchasing.

Another of our actions in 2013 was the inclusion in our purchasing contract of a clause, which states, amongst other things, "with regard to social responsibility, the Supplier recognizes that our company supports the principles of the United Nations Global Compact and follows the guidelines set out in ISO 26000. Our company encourages its suppliers to operate in accordance with these principles."

We also strive to ensure respect for human rights in the countries from which we source our plant raw materials. We have implemented an *ad hoc* policy called the "Responsible Plant Supply Chain" policy and made the commitment that "by 2015, a CSR action plan will be deployed in 100% of our business lines". In 2013, we implemented a CSR action plan for 90% of our business lines. This policy is supported by our membership of the Union for Ethical BioTrade (UEBT) and consists of evaluating each business line based on the seven central questions set out in the ISO 26000 standard, namely: the environment, human rights, labor relations and working conditions, ethical practices, consumer-related issues, communities and local development, and governance. This analysis is used to establish a precise assessment (identification of impacts, stakeholders and actions to implement). The analysis criteria include two that relate to human rights: "identify risks throughout the life cycle of a project or our activity, with the aim of avoiding or limiting the risks of human rights infringements" and "incorporate and implement a human rights policy in our activities with partners and local communities." Expanscience performs audits in the field and visits its sources to ensure that these principles are applied in practice and that human rights are observed. This assessment is based on international texts, the requirements of the Union for Ethical BioTrade (UEBT), third-party (UEBT) audits in the field and Expanscience's fundamental commitments (responsible plant supply chain).

Category: **WORKING CONDITIONS**

Principle no. 3: *businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

Principle no. 4: *the elimination of all forms of forced and compulsory labour.*

Principle no. 5: *the effective abolition of child labour.*

Principle no. 6: *the elimination of discrimination in respect of employment and occupation.*

As part of our efforts to promote and guarantee these principles, we respect the law in effect in the countries in which we operate. As explained previously, we also implement a responsible purchasing and sourcing policy guaranteeing the 10 principles enshrined in the United Nations Global Compact in our purchasing and sourcing activities.

In 2013, our commitment to promoting the elimination of discrimination in respect of employment and occupation was reaffirmed through the conclusion of two collective-bargaining agreements in France:

- On 20 February 2013, we entered into an agreement on elective part-time working, which amongst other things, sets out principles in relation to part-time work (excluding part-time working governed by the French Employment Code). The agreement is based on the following guiding principles: the desire to provide more flexible conditions for access to part-time work, a commitment to promoting respect for principles of equality and non-discrimination of all kinds, and a concern to support work-life balance. The agreement allows access to part-time work on the basis of a voluntary agreement, for employees on a permanent contract who have completed two years' service with the business. In 2013, 41 people applied for elective part-time working under the terms of the new agreement and 100% of requests were authorized.
- On 5 September 2013, we entered into an agreement on workplace equality and equal pay for men and women. The agreement expresses our commitment to ensuring equality in the workplace and equal pay without gender discrimination. We have also reaffirmed our commitment to supporting the development of diversity in the workplace in accordance with the objectives set out in law: eliminating discrimination in relation to recruitment, remuneration and career progression and respect for work-life balance. The agreement aims to reduce any inequalities between men and women in the business by instituting an action plan covering the following four areas: recruitment, actual remuneration, the relationship between work and exercising family responsibilities, and career progression. One of the provisions included in the agreement, for example, is, "in the case of assisted reproduction, female employees are entitled to adjust their working hours during their period of treatment, given the constraints involved (...)".

Category: ENVIRONMENT

Principle no. 7: *businesses should support a precautionary approach to environmental challenges.*

Principle no. 8: *undertake initiatives to promote greater environmental responsibility.*

Principle no. 9: *encourage the development and diffusion of environmentally friendly technologies.*

As far as the environment is concerned, we are involved in numerous actions throughout our products' life cycle to reduce their environmental impact, from sourcing plant raw materials through to end of life. This is known as eco-design. We made a commitment for 2015 in this area in 2010: "100% of our new dermo-cosmetics products will be eco-designed".

As a result, we work to protect and restore biodiversity from the process of sourcing plant raw materials onwards, through our plant materials sourcing policy. In 2013, we carried out a reforestation project in an area of Burkina Faso that was suffering from desertification, planting forest species in the area where we were operating at the request of the women with whom we were working. This involved purchasing native seeds from the national government and working with the women's group to create a nursery to grow the seeds before they were planted out in the shrub savannah. We also trained 106 women we were working with in good biological harvesting practices.

Another area we worked on in 2013 was the Mustela Béb  range:

- Natural products and biodegradability of formulations: 92% ingredients of natural origin on average, with 100% of the foaming rinse formulations now biodegradable.
- Reducing packaging: our actions in this area were rewarded twice, by the "Sustainable Beauty Awards" in the Sustainable Packaging category and by the Greener Packaging Award in Belgium.
- Recyclability of our packaging: 100% of our bottles are now recyclable (based on French market criteria).

2013 saw us take steps at our production site (which has been ISO 14001-certified since 2012) to reduce our consumption of water, gas and electricity in accordance with our commitment by setting up an *ad hoc* management committee. In 2010, we made seven commitments for 2015, one of which relates to reducing energy consumption and waste production: "reduce consumption of gas, electricity and water and waste production at our  pernon production and R&D site by 20% (compared with 2010)". As part of these efforts, we have involved staff through an internal participation system called "Graine d'ID". We reduced our gas consumption by 8.7% and water consumption by 4.4% in 2013, thanks to the actions taken.

Category: PREVENTING CORRUPTION

Principle no. 10: *businesses should work against corruption in all its forms, including extortion and bribery.*

As part of our Responsible Purchasing policy, we have included a new clause in our contracts that obliges our suppliers to respect the principles of the Global Compact, in particular with regard to preventing corruption.

As explained in the “Human Rights” section, we have also implemented an *ad hoc* policy called the Responsible Plant Supply Chain policy for all our business lines, based on the ISO 26000 standard, amongst other things.

One of the key principles of this policy relates to financial transactions: “Expanscience traces all funding for local Corporate Social Responsibility (CSR) actions across a business lines with its partners and producers (consortia, cooperatives, farmers, etc.)”.