Chapter 12
Corporation's Social Responsibility: From the Awareness of Philanthropy to the Demand of Implementation

The Case of Expanscience, Pioneer of a New Generation of Health Care Corporations

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Much more than just a concept, sustainable development has become indicative of a company's ability to create added value for everyone by reconciling economic development and environmental protection for both humans and nature.

For some industry sectors, corporate social responsibility (CSR) is an operational and productive tool of management for nonfinancial performance, and will even undermine the company's freedom and legitimacy of professional exercise, against the backdrop of strengthened European and international regulations and legislations, as well as greater social pressure.

The mission of health care is to provide cures and improve well-being and as such, it affects people's lives in every way. What is more, the pharmaceutical and dermocosmetics industry, exploiting natural resources on which it largely depends economically, is without a doubt, the most confronted with the dual necessity of being exemplary: on the one hand, identify the most probable challenges in the whole value chain with the largest environmental and social significance; on the other hand, execute an effective plan focusing on their most important ramifications.

Within the past 10 years, evaluation criteria and references of the implementation and reporting of the kind of approaches such as Global Reporting Initiative (GRI) or International Organization for Standardization (ISO) 26000 have always listed the so-called materiality as a top requirement. A company is thus evaluated beyond its awareness of social responsibility in its economic and political development model, but also on the already achieved measurable results, the degree of exhaustiveness and consistency of implementation throughout the activity chain, as well as the ability to report to all stakeholders this particularly approach. The complexity lies in the scale of the sector's responsibility to protect our common heritage, in the conceptual, technological, and operational transformation of this responsibility in

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industrial, ethical, and social dimensions, as well as in the necessity of profoundly adapting professional practices accordingly.

The challenge is so huge that few organizations today are known for the credibility and exemplarity of their initiatives. Established in 1950, as an independent French family-owned laboratory boasting a renowned expertise in the skincare and in the treatment of osteoarthritis, Expanscience is the first pharmaceutical and dermocosmetics laboratory to have obtained at the end of 2013 the level "exemplary" according to the Association Française de l'Assurance Qualité (AFAQ) 26000 assessment method, an Association Française de Normalisation (AFNOR) Certification method based on the norm ISO 26000 as the only international norm for CSR assessment. The company is recognized and appreciated for authenticity and consistency of its approach and the remarkable awareness of collective interests. This drives us to further explore its operational model.

Health care and environment: an interaction rehabilitated at the heart of the progress of health-care sector.

Alongside this strengthened requirement, new concepts enter the scope of social responsibility.

Ancestral but for a long time abandoned by public institutions on account of its protean feature, the concept of environmental health care, aimed at striking a direct connection between the living environment pollution and the health and well-being of mankind, emerges among all the professionals of this sector. The protection of health consists not only in treating or curing diseases but also in taking into account all the external pathogenic factors that could damage our health and in promoting practices that could alleviate or avoid pathology and improve the quality of our living environment.

This new paradigm gives a health-care actor like Expanscience an unprecedented citizen responsibility to invest more in this prevention subject when it comes to its relations with its clients and economic partners. This paradigm is also a new challenge of exemplarity in order to take in-depth thinking and concrete actions to a more mature level.

What are the insights driving the company's commitment to this social responsibility approach? How does the company transform this approach into tangible and concrete actions? What are the benefits? And beyond all that, how is this pioneer experience contributing to the foundation of a whole new generation of corporations, which integrate nonfinancial performance objectives into their management to the point where the business practice and economic model of this profession are profoundly transformed?

Dialogue with Karen Lemasson, Director of CSR and sustainable development of Laboratoires Expanscience.

Logerais: Expanscience has been engaged in a program of CSR since 2004. How would you take stock of after 10 years?

Lemasson: Expanscience's engagement is above all a voluntary initiative, which relies on the great awareness and strong will of its CEO, Jean-Paul Berthomé. When the French Global Compact was launched, further to the UN Global Compact, which gathers together for the first time in history business and UN organizations, labor market and civil society around these fundamental principles in the areas of human rights, labor and environment, we made a commitment to ourselves that the

engagement of a company like Expanscience should not be limited to its industrial scope. It's by the yardstick of these first deliberations of what could be the fundamental principles of Expanscience's international contribution to ethical and environmental questions, that our company became a member of the Global Compact in 2004, and launched its social responsibility policy.

In 2009, when Expanscience signed the responsible communication chart of the Advertisers' Union in France (UDA), consultation intensified between the board and stakeholders of our company in order to define our responsibility scope. These have quickly led to concrete actions. We organized and prioritized these actions into a strategy of social responsibility (CSR), structured throughout our entire activity chain from manufacturing to commercialization. In 2010, we reoriented our policy and drew up a seven engagements Plan for 2015, those engagements being subject to operational roadmaps.

In 2011, we became a member of the Union for Ethical BioTrade (UEBT),[1] which enriched our approach and allowed us to support and reinforce the credibility of our CSR action plan in each of our vegetal supply chains.

Today, CSR is so much more than just a program, it's an independent dimension of our corporate governance.

Logerais: What are the main stakes of sustainable development implemented in the production of a medical or dermocosmetic product?

Lemasson: We have identified four axes of commitments and actions: reduction of social and environmental impact of our products, which starts from the analysis of their life cycle; application of a responsible purchasing policy especially throughout all our vegetal supply chains; improvement of our environmental practices on our own production site; setting up a social responsibility policy for our collaborators.

The cornerstone of the first axis is the notion of "eco-responsibility" of our products for our patients and consumers. As for dermocosmetics activities, the notion can be interpreted as "ecodesign." This seeks to take all the lifecycle steps of our products into consideration. It starts by assuring that our raw material supplies come from "responsible" channels and guaranteeing, by the design-research, a greater naturalness (average of 92 % of the natural ingredients in the Mustela Bébé range) as well as formulations that are both effective and safe without harmful ingredients to people and environment.

The next step is production. It deals with the impact of manufacturing processes, and includes the reduction of the weight of the bottles and tubes packaging. Then, the transportation step is where we strive to optimize the volume of products transported and reduce greenhouse gas emissions. The usage step is also taken into consideration because of its significant environmental impact, especially for products requiring to be rinsed.

[1] Union for Ethical Biotrade (UEBT) is a nonlucrative international association, promoting ethical sourcing practices of ingredients coming from biodiversity. Becoming a member of UEBT requires an audit led by an independent organization according to seven principles including the respect of biodiversity, human rights, traditional knowledge, business ethics, etc.

We believe that the product can act for our consumers as an awareness enhancer for reducing environmental impact and can spread responsible and eco-friendly consumption behavior. Regarding the step of "product end-of-life," it's also designed from the design phase, aiming at ensuring biodegradability of washing formulas[2] and making packages recyclable, subject to consumer compliance with recycling rules. In 2015, 100 % of our new dermocosmetic products will be ecodesigned.[3]

When it comes to our pharmaceutical activity, we have analyzed the lifecycle of our major medicine, particularly, the manufacturing process of avocado oil, which is the source of one of its active ingredients and we are striving to reduce environmental risks and impacts linked to the production of this product.

The second axis focuses on our supplies. It is a very ambitious objective because by the year 2015, Expanscience will have carried out a CSR action plan upon 100 % of its plant supply chains. Its roll-out is resting on a referential derived from ISO 26000, from the UEBT criteria, and from the Nagoya protocol[4] dedicated to the genetic resources of the planet, endorsed in 2012.

This axis is particularly valuable for the structuring of Expanscience and includes a large scope of actions, from responsible exploitation of natural products, such as avocado, conservation of the biodiversity, training of local professional populations, all the way to combatting the desertification or biopiracy.

The third axis aims at significantly reducing our consumption of gas, water and electricity, and our output of waste and greenhouse gas to reach our reduction goal of 20 % between 2010 and 2015.

Our production site in Epernon, France, is home to Expanscience's global industrial facility, from research and development to packaging of products. In 2013, 58,000,000 units of products were manufactured and it was granted ISO 14001 certification in 2012.[5] Moreover, a new building was constructed in compliance with the high environmental quality (HEQ) approach, which allows us to collect 1000 m^3 of rain water per year and ensure 94 % of offices heating by recuperated energy. In

[2] OECD 302B method.

[3] In 2013, Expanscience's policy implemented from 2007 led to a reduction in the quantity of used material: 100 tons of paper and carton, 40 tons of unspoiled plastics. 100 % of the dermocosmetics cases for Mustela and Noviderm are printed with ink made by plant oil, and 100 % of the bottles of our major brands are recyclable (according to French criteria). These performances have made Expanscience the winner of the prize "Sustainable Beauty Awards" in 2013. This international award pays tribute to cosmetic companies acting in favor of sustainable development in the area of "sustainable packaging" for the Mustela brand.

[4] The Nagoya protocol for the access to and sharing of the advantages derived from the exploitation of genetic resources sets the principle of fair sharing of resources, their protection, and the obligation of consent of the countries concerned for the exploitation of the said resources and the acknowledgement of traditional know-how.

[5] The ISO 14001 norm is founded on the principle of continuous improvement of a company's environmental performance by limiting the impact of its activities on the environment. Since 2010, Expanscience has launched a system of environmental management and nominated a director for the ISO 14001 project. It has also established a leading committee to supervise the implementation of actions aiming at achieving a 20 % reduction of energy consumption in the Epernon site between 2010 and 2015.

June 2014, our environmental performances showed a reduction of 22.4% in gas consumption, 26% in water consumption, and 16.5% in electricity consumption compared to 2010 levels.

Finally, our social responsibility policy toward our employees is a major axis of our CSR policy. As an actor in healthcare, we are evidently careful to the well-being of our personnel and the development of their skills in order to foster their professional progress and blooming. We have launched the "quality of working life" program, within which we have set up a week dedicated to the health of our employees in 2013. Since 2007, we have also carried out an innovative and participatory program, called "Graine d'ID" (seed of an idea). Its goal is to create an effect of synergy between different functions and individuals so as to better tap and develop creative potentials in every employee.

Logerais: As regards specificities of your activity, especially for dermocosmetics production, sustainable sourcing has been identified as the key stake. Can you elaborate on the fields of responsibility on this matter and how you manage it to reach tangible results?

Lemasson: Actually, the stakes are high. Beyond our responsibility as a global health-care company to our patients and customers, it concerns our responsibility to local people of countries supplying raw materials such as South Africa, Peru, or Mexico for instance. Here comes the question of our ability to ensure safety and durability of our supply through respect of local expertise and access conditions for plants, preservation of natural resources and environment, and also taking into account the local soil specificities, extraction conditions, and processing of products from natural ingredients.

Therefore, we have taken on a foundational job with each of our own plant supply chain in close collaboration with local partners, and conducted a detailed thinking about how to produce a "sustainable active cosmetic ingredient."

To understand how our actions are implemented, we can take the example of the avocado supply chain, one of Expanscience's strategic ones. Expanscience is the first global manufacturer of unsaponifiables of avocado and soy, and the Acacia supply chain.

Avocado is a key ingredient in many products marketed by Expanscience for the production of the medicine against osteoarthritis, in designing care products or active cosmetic ingredient. It is extracted in many forms such as oil, exfoliating powder, peptides, or sugars. The approach of Expanscience is to value the entire fruit at all stages of production: selection, slicing and drying, extraction, and final valorization.

As for the Acacia supply chain, it is at the center of a very aggressive policy of both biodiversity conservation and human development. It also illustrates perfectly the concept of "supply" or of "responsible sourcing."

In 2009, further to a merger with a local Burkinabe company specialized in ethnobotanical research, Expanscience identifies the Macrostachya Acacia forestry resource in Burkina Faso, from which we developed an active ingredient promoting skin hydration. This raises the question of exploitation and supply in order on the one hand to preserve local biodiversity and prevent desertification, and on the

other hand to integrate the concept of economic and social benefit to local populations. Through the establishment of a tripartite partnership among the local community, a group of women pickers and Expanscience, these two criteria are translated into concrete actions: the organic certification of 50 ha of harvesting areas—amid threat of the Acacia resource due to local practices such as bushfires, overgrazing, droughts, or local heating requirements—creation of a nursery, training of 100 women for the manipulation of the natural resource, and financial support for pickers, especially by increasing access to micro-credit.[6]

Thus, we were able to combine innovation with local economic development, in line with our commitment to a "fair return" to partner countries in the framework of our supplies of vegetal raw materials.

Moreover, Expanscience has conducted a proactive approach of protecting traditional know-how and stemming bio-piracy. We call upon local experts who systematically gather and document expertise, for each and every plant supply chain, whether the knowledge exists in written or oral form. Expanscience then reports on this information in its scientific publications and in the introductory pages of its patents.

Our "sourcing" practices are now subject to regular assessment, as part of the company's commitment to transparency with UEBT via annual reports and audits conducted by a third party on our business.

Logerais: Through the examples you mention, you show how CSR may drive innovation as an answer to strategic stakes on your market.

Lemasson: Innovation is at the heart of our activity and the constraints we meet are driving us to think and design differently. For instance, within the context of our CSR policy, we have been working with our stakeholders and internal experts in 2010, in order to provide a precise definition, accessible on our website, of the principle of "naturalness" for the dermocosmetic brands of Laboratoires Expanscience. To date, this concept is not subject to harmonized regulation. This definition factors in most of the criteria, often restrictive, which allow us to select the active ingredients and raw materials making our formulations: the origin of the raw materials (for instance vegetal or mineral), the transformation processes carefully crafted to limit the impact on humans and environment to the minimum (processes approved according to the Ecocert referential are preferentially retained), the absence of questionable chemical substances such as paraben, phthalates, and phenoxyethanol. The absolute priority is to ensure the optimal safety of our formulations, without compromising another concept at the heart of our activity—ecodesign.

Research and development is not our only field of innovation. Combined to CSR, it essentially means integrating a new way of thinking and acting for the Expanscience workers in the way they execute their activities and to engage all the stakeholders in the corporate decisions.

[6] Expanscience has conducted a dozen activities for returning to Burkina Faso in partnership with the union of craftswomen "Ben Nafa Kabo, de Gassan." Besides advances on harvesting, Expanscience established in 2010 a cooperative microcredit for the acquisition of a parcel of land on which was built an office and a storage building for organic harvests.

Logerais: Do you think a CSR strategy can help in the challenging economic context of healthcare?

Lemasson: CSR is a process that involves and allows better visualization of flows and challenges working habits and production with an optimization goal. In an industry actually faced with the pressure of rising drug and price of resources, the economic issues related to sustainable development can be significant, e.g., for local plant supply chains in our partner countries. For example, in the case of the avocado oil production, the search, in partnership with our producer, for a new energy-saving electrical procedure yielded savings affecting the purchase price, hence allowing the producers to be more competitive.

Moreover, the savings from reductions in energy consumption in our own production sites can be used to make new investments.

Logerais: CSR is increasingly bringing the notion of "prevention" in healthcare. How do you deal with this trend? Do you feel comfortable to explain how it is compatible with your business model?

Lemasson: We believe we have an important role to play especially in the context of the emergence of medicine 3.0 where the patient and the general public are seeking greater autonomy in managing their health and well-being through access to high quality information. We approach the theme of prevention from two angles, by supplementing the drug treatment of diseases such as osteoarthritis by monitoring treatments and advices on healthy living through sports and nutrition to patients with these diseases or wishing to avoid them. For instance, we have launched a personalized coaching service for osteoarthritis sufferers (www.arthrocoach.com).

As a part of our CSR, Laboratoires Expansciences created the Healthy Advice and Prevention Pharmacies Club in 2012, which brings together pharmacy customers around prevention activities (osteoarthritis and sport, the mysteries of the baby's skin, etc.) to encourage the public to behave responsibly. By their mission and their proximity to customers, pharmacists have an important role in educating and mobilizing the public. Eventually, the civic role of the pharmacists is so important that they can make demands to pharmaceutical companies in terms of traceability and ecodesign of drugs and dermocosmetics.

While in France, no law requires the pharmacist or physician to prescribe medications whose molecules have a limited environmental impact; other countries, such as Sweden, have set up a classification of molecules according to a pollution index that is used to support the prescription, thus allowing better control of active substances ingested by humans and discharged in nature. Therefore, this is also a way to anticipate future potential evolutions.

Logerais: Your CSR Policy was recently evaluated by AFNOR and awarded an "exemplary" level of AFAQ 26000. What are the benefits of it, beyond image? Can you progress further?

Lemasson: Expanscience was recognized as "exemplary" by AFAQ 26000 in 2013 with a score of 708 points in 1000 and has now joined 4 % of the organizations having reached this level at their first assessment, and is the only pharmaceutical and cosmetic laboratory.

These indicators contribute to our corporate image. They are very promising for managing risks related to our business, particularly in terms of reputation and access to raw materials, but the benefits of these performances are much deeper. They are a lever for creating shared value and support from employees whose sense of company belonging has increased, especially when the involvement of these staff members is an evaluation criterion for the performance of the approach, as it is welcomed by AFNOR.

The implementation of this appropriation by all 893 employees of Expanscience and its 12 subsidiaries remains today a priority objective with a high margin of progression to harmonize corporate practices across the Group, especially in responsible purchasing policy.

The CSR is increasingly integrated into the Expanscience governance mode through the growing use of its indicators in monitoring and management, the involvement of our stakeholders (environmental NGOs, patient associations, local authorities, suppliers of raw materials), and managerial innovation to link company's employees motivation to nonfinancial performance. Thus, in 2014, for the executives of Expanscience, the variable portion of their package is indexed partly (collective objective) on maintaining the "exemplary" level of the AFAQ 26000 assessment. This is a highly symbolic measure showing Expanscience's ambitions for the future.

About ISO 26000

In 2005, the International organization for standardization (ISO) wanted to lay down benchmarks for social responsibility in accord ance with international conventions in the areas of human rights, environment and labor regulations, complementary to the existing CSR initiatives Released in 2010, the ISO 26000 offers guidance for corporations and organizations on responsible social behaviors.

AFNOR Certification

Leading certification body in Europe, independent organization, AFNOR is pioneer in the evaluation of CSR approaches in France, with more than 200 private and public organizations granted AFAQ 26000. Its experts evaluate corporations then hand in an objective and unbiased review.

AFAQ 26000

AFAQ 26000 evaluates the degree of integration of sustainable development principles into corporations in alignment with ISO 26000 benchmarks and allows companies to demonstrate their transparency and maturity level of their CSR approach as well as their strengths and axes of improvement of their practices.