



# FROM PARADISE to Beauty





# FROM PARADISE to Beauty

## 2016 SUSTAINABLE DEVELOPMENT REPORT

**T**his report is a publication of Laboratoire de Cosmétologie du Pacifique Sud (South Pacific Cosmetology Laboratory), which is headquartered in Tahiti (French Polynesia). It covers all of the activities of the Pacifique Sud Group and its subsidiaries: Laboratoire de Cosmétologie du Pacifique Sud (LCPS), Pacifique Sud Ingrédients (PSi), Pacifique Sud Distribution (PSd) and Fenua Hotu SCA.

This first sustainable development report of the Pacifique Sud Group presents the quantitative and qualitative information that is required in order to understand its sustainable development challenges for the 2016 calendar year.

This document is available in electronic, online and printed versions in both French and English. The Pacifique Sud Group has decided to publish the paper version of this report as a limited edition. This document was printed in France by a certified Imprim'Vert publisher on certified FSC Recycled paper.

We encourage you to read the online version of this document, which is available on our website: [www.pacifiquesud.org](http://www.pacifiquesud.org).

This report contains general information on our sustainable development reporting in keeping with the guidelines of the Global Reporting Initiative (GRI). The Group has opted for essential compliance. In each section, we have defined the exact scope of the data included, when available.

This report is published on a triennial basis. It presents the Group's sustainable development model and strategic approach, and recognizes its relationships with stakeholders.



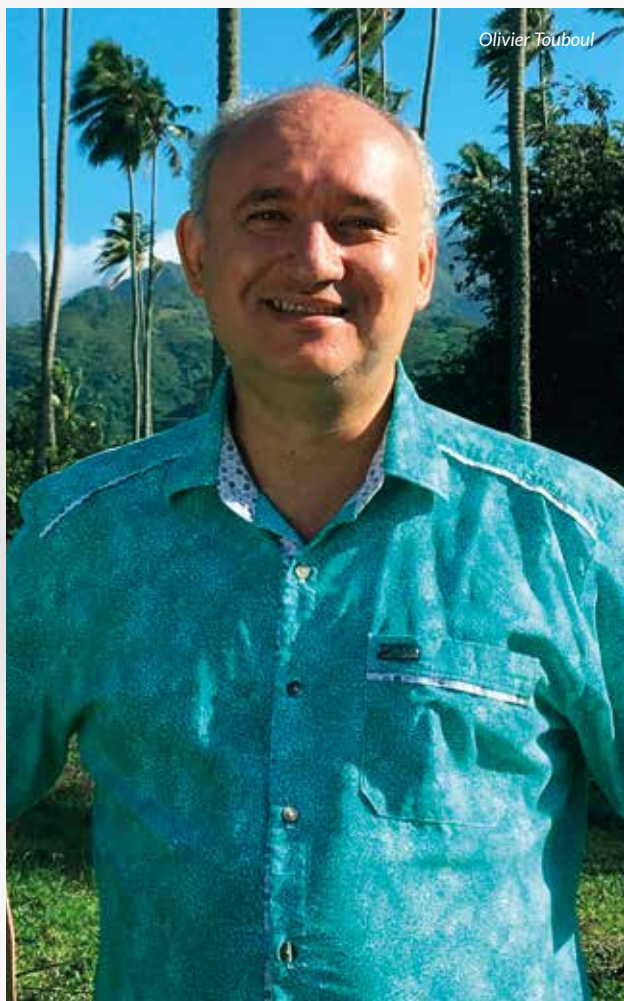
## 25 years dedicated to bringing

Inspired by our passion for Tahiti and its islands, beauty rituals, the tradition of care and the art of formulating the benefits of Tahiti's plants, since 1992 we have been a source of dermatological and cosmetics expertise in our magnificent region of the South Pacific.

The strategic positions of our production and distribution sites, which are key to the complementary nature and success of our organization, have enabled us to offer care and resources from paradise to the beauty industry for the past 25 years.

Our location, at the heart of a region of atolls and low coral islands, has led us to realize how essential it is to take account of endemic land-based plant resources, cultural heritage and the risk of rising seas in order to raise awareness regionally and internationally.

Sixty-two percent of French Polynesia's terrestrial plant species are endemic. As such, it is an incredible source of biodiversity and a trove of flora that deserves sanctuary protection.



With a culture based upon oral tradition, special care must be taken to preserve French Polynesia's heritage and recognize its exceptional know-how.

Among the five archipelagoes of the Polynesian islands, the heritage and traditional knowledge of the Tuamotu archipelago, which is the largest producer of copra, are also facing the greatest threat of disappearing if no action is taken and no commitments are made.

We are convinced that, in this day and age, performance and resource development cannot be achieved without ensuring accountability, sustainability, collaboration and respect.

For our enterprises, 2013 was a year of real change. Inspired by our values, we took environmentally-responsible actions and introduced best practices at our sourcing and production sites which have made our company part of the vanguard of sustainable development in French Polynesia.

This approach has profoundly changed the way we do business every day, improving our processes, management, innovation, design and development.

From our agricultural production activities to the manufacturing of finished products, we rely on a set of ethical values, promote the well-being of the peoples of the islands and raise awareness among them in order to preserve their cultural and botanical heritage, thereby perpetuating their exceptional traditions and know-how.

“ (...) resource development cannot be achieved without ensuring accountability, sustainability, collaboration and respect... ”



# Tahiti within reach of your desires...



Yves Touboul

Thanks to the groundwork laid by our production and quality departments, all of our teams are seriously committed to this vision and contribute to improving it every day.

Inspired by our exemplary approach in Tahiti, we decided to implement it throughout the Group, specifically at our companies in metropolitan France: Pacifique Sud Ingrédients et Pacifique Sud Distribution, located in the South of France.

This program is led by an inter-company committee in which the shareholders are deeply involved. It allows us to take into account the stakeholders' requirements and deploy an action plan throughout our value chain.

This year, consultations with our stakeholders have enabled us to identify our core issues, which focus on preserving biodiversity, respecting the environment around our facilities, and protecting our employees and the communities we interact with, thereby helping to achieve a sustainable future.

At the dawn of a new quarter century for our Group, and given the challenges of climate change, we feel that it is essential for this report to establish a corporate plan of action, "CONTRIBUTE", so that our employees, partners, stakeholders and suppliers view themselves as agents of change.

“(...) a corporate plan of action, “CONTRIBUTE”, so that our employees, partners, stakeholders and suppliers view themselves as agents of change. ”

**Yves Touboul**  
CEO of Pacifique  
Sud Ingrédients

**Olivier Touboul**  
CEO of Laboratoire  
de Cosmétologie du Pacifique Sud

## The CONTRIBUTE Program

### Pacifique Sud's commitment to sustainable development

Contributing is the best way to participate, help, make improvements, and be an agent of change. The CONTRIBUTE program aims to guide and manage our corporate social responsibility (CSR) policy and actions.

The roll-out of the program began in 2016 and has defined commitments through 2025 that include protecting biodiversity, respecting the environment, protecting our employees, our customers and our communities, and ensuring a sustainable future with all stakeholders (employees, suppliers and communities).

## FROM PARADISE to Beauty



VISIT US  
ON THE WEB

To find out more about our  
sustainable development strategy,  
commitments and actions, visit us at:  
**[www.pacifiquesud.org](http://www.pacifiquesud.org)**

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[rse@pacifiquesud.org](mailto:rse@pacifiquesud.org)



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Promoting  
*Tahiti & Its Islands*

*Being Ecologically  
Responsible*

Contributing to  
*Sustainable Development*

Preserving  
Resources

*Innovating*

Ensuring  
Quality



1992

**CREATION**

- of two companies:  
- **LABORATOIRE DE COSMETOLOGIE DU PACIFIQUE SUD** (LCPS), our production unit in French Polynesia.
- **PACIFIQUE SUD COSMETIQUE** (PSC), our distribution unit in metropolitan France.
- of our first line of finished products, MAHIRE, sold exclusively at pharmacies

1994

**Launch** of our ingredients business

1997

**Diversification** of primary ingredients, with the addition of Tahitian vanilla and tamanu oil

2000

**Development** of international exports from metropolitan France.

2005

**Establishment** of a new production unit on the west coast of the island of Tahiti.

2007

- **Awarded** ISO 9001 certification for the production site in Tahiti.
- **Launch** of the second brand of Monoï de Tahiti A.O.: Comptoir des Monoï

2008

**Launch** of our cosmetics creation sessions and of a second brand of body care products.

2010

**Opening** of the Tahiti production unit to tourist visits

2013

**Commitment** by the group to ecological responsibility

2015

- **Establishment** of a new manufacturing and logistics unit in Aubagne, in the South of France
- Awarded ISO 14001 & OHSAS 18001 certifications
  - Founding of Fenua Hotu SCA, a private agricultural company
  - Elaboration of LCPS's industrial development plan for 2018-19





# Laboratoire de Cosmétologie du Pacifique Sud

**Address :** PK 39.5 côté montagne Papara,  
Côte ouest de Tahiti, French Polynesia.

**Date founded:** September 1992

**Type of incorporation:** S.A.R.L. (limited-liability company)

**Capital stock:** €8,380 (1,000,000 XPF)

**Co-managers:** Yves Touboul & Olivier Touboul

**Chief executive officer:** Olivier Touboul

**Trade and corporate registration:** Papeete TPI 92114 (B)

**Tahiti registration number:** 255794



## PRODUCTION



**Production  
area**

**240 m<sup>2</sup>**  
(≅ 2,600 sq. ft.)



**Production capacity  
for Monoï de Tahiti**

**400 t**  
(metric tons)



**Refined  
coconut oil**  
**200 t**



**Tahitian  
tiaré**  
**2.8**  
million flowers



**Tamanu**  
**8 t**  
of tamanu nuts

\*Weight depends on whether whole nuts  
or dried kernels are supplied

## OUR COMMERCIAL OUTLETS



**Cosmetics  
industry**

**79.5%**



**Neutraceutical  
industry**

**2.3%**



**Hotels  
& Spas**

**14.3%**



**Retailers  
of finished products**

**3.9%**

Laboratoire de Cosmétologie du Pacifique Sud (LCPS) was founded as a production unit to source and develop natural resources of Polynesia by producing raw materials and ingredients for the cosmetics industry.

It was established on the west coast of the island of Tahiti, away from the capital, Papeete. This allows it to be closer to farmers and plant suppliers, which facilitates upstream quality control and ensures the freshness of the plants we process.

Its modern production facility, engineered to meet customers' requirements for the optimal production of cosmetics ingredients, is a guarantor of quality in the Pacific region.

Its equipment and manufacturing flows are fit-for-purpose and comply with Good Manufacturing Practices (ISO 22716) and EU cosmetics regulations.

All of these activities occur within a context of continuous improvement aimed at achieving harmony with our customers and nature. Even though EU regulations do not apply in Polynesia, our operations there are in full compliance with them. The recommendations of the International Fragrance Association (IFRA), which regulates perfumes and their uses, are also part of our production specifications.

Our production equipment consists primarily of stainless steel vats, stirrers, filtration units (standard and tangential flow), a pasteurizer, a mechanical oil press, transfer pumps, grinders, a filling machine, scales and expendables.

Our equipment performs well and achieves satisfactory yield for our activities. Procedures and user manuals are reviewed in order to optimize them while ensuring the safety of all. Managerial and production teams are taught about and trained to master the company's tools and know-how.



# Fenua Hotu

**Address :** PK 39.5 côté montagne Papara,  
Côte ouest de Tahiti, French Polynesia

**Date founded:** June 2015

**Type of incorporation:** Société Civile Agricole  
(S.C.A., a private agricultural company)

**Capital stock:** €25,140 (3,000,000 XPF)

**Co-managers:** Yves Touboul & Olivier Touboul

**Chief executive officer:** Olivier Touboul

**Trade and corporate registration:** PAPEETE TPI 1552 C

**Tahiti registration number:** B54846

## PRODUCTION



Number of Tahitian  
tiaré bushes

1400



Tahitian tiaré production

2 Million flowers/year



Type of agriculture

Permaculture

**This plantation, located 300 meters from our industrial site on the island of Tahiti, plays a strategic role in the development and control of the group's business. The specifications of the *appellation d'origine* (appellation of origin) label for Monoï de Tahiti require the Tahitian tiaré flower (*Gardenia taitensis*) to be used in the process.**

Prior to establishing operations, the soil was prepared and managed as follows:

- Trees and bushes were pruned and brush was cleared mechanically,
- Paths and trails were created,
- The soil was drained and regraded,
- The ground was leveled and smoothed,
- The entire area was outfitted with an irrigation system.

Starting in November 2015, using a permaculture model, 1400 Tahitian tiaré bushes were planted on a 1.6 hectare plot, with the aim of obtaining organic certification.

This decision to secure our supply chain was spurred by the overall state of the agricultural industry, the aging of our main growers, especially producers of Tahitian tiaré, and the planned extension of the laboratory's activities.

With a view to maximizing the success of this project, LCPS called upon an agronomy engineer to oversee the choice of technical itinerary and enable an organic agricultural model. Our cultivation system complies with the WHO Guidelines on Good Agricultural and Collection Practices (GACP) for Medicinal Plants.

In order to manage plant diseases and pests, we use preventive techniques, including:

- Promoting good soil drainage to avoid excess moisture,
- Maintaining a soil covering with mulching,
- Fostering biodiversity on the farm,
- Using simple integrated pest management techniques.

On our land, soil fertility is ensured using organic fertilizers made of natural products: compost, mulch, algae, green fertilizers, etc. Green fertilizers include various crops that are not planted for harvesting but rather to improve and protect the soil. Green fertilizers help to prevent soil erosion and improve its structure while keeping weeds under control. They are also planted in order to harbor nutritious elements which are released when they are clipped, pruned or have a mild herbicide applied to them.

On our plantation, we use the legume *Arachis pintoï*, a non-climbing perennial peanut which provides even cover under the tiaré bushes. In addition to providing a comfortable surface for workers during harvesting, this legume absorbs nitrogen from the atmosphere, which not only prevents the soil from becoming nutritionally depleted but actually enhances it.

Fenua Hotu is a model of environmentally-friendly agriculture. In addition, it attracts tourists and, together with our Monoï de Tahiti production unit, helps educate the public. This kind of outreach, upstream from our production facility, demonstrates how important it is to us to secure our productive capabilities and also our commitment to Polynesian botanical expertise.

Since its founding, Fenua Hotu has raised awareness among the local population of the fragility of the tiaré, an emblematic flower which is at risk of becoming scarce.



# Pacifique Sud Ingrédients

**Address:** Route de Beaudinard - 13400 Aubagne, France

**Date founded:** September 1992

**Type of incorporation:** S.A.R.L. (limited-liability company)

**Capital stock:** €1,140,098

**Managers:** Yves Touboul & Olivier Touboul

**Chief executive officer:** Yves Touboul

## PRODUCTION



**Production area**

**500 m<sup>2</sup>**  
(≈ 5,400 sq. ft.)



**Production capacity**

**1000 t**



**Cosmetics industry**

**63.7%**



**Neutraceutical industry**

**11.4%**



**Retailers of finished products**

**24.9%**

Pacifique Sud Ingrédients (PSi) manufactures ingredients for our group and handles their commercial distribution. It also provides custom design and manufacturing (through the formulation, development and regulation phases) of finished products incorporating those ingredients.

PSi, which is more than 18,000 km (11,000 miles) from French Polynesia, acts as a go-between in Europe, providing broad international coverage together with proximity to industry,

thereby resolving the problem of the geographic remoteness of Tahiti and its islands. Located in the Aubagne business zone, in the South of France, PSi keeps watch over the latest trends and innovations, market developments and logistics while being highly responsive in order to meet our customers' needs.

PSi is recognized by the cosmetics and food industry as a premiere supplier of natural ingredients for Polynesian products.



**Number of distributors : 34 countries**



**International brands using our ingredients : > 700**

## Pacifique Sud Distribution

**Address:** 490 ave. du Passe-Temps, 13400 Aubagne, France

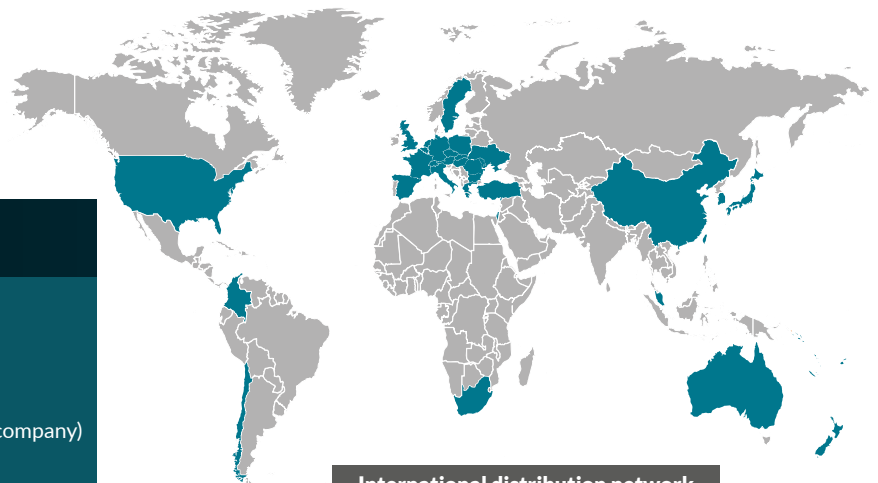
**Date founded:** September 1992

**Type of incorporation:** S.A.R.L. (limited-liability company)

**Capital stock:** €38,112

**Managers:** Yves Touboul & Olivier Touboul

**Chief executive officer:** Yves Touboul



**International distribution network**

**Pacifique Sud Distribution (PSd) handles marketplace follow-up, business development, marketing and logistics for all the group's brands.**

The marketing of our finished products is handled by a network of 30 sales representatives throughout France.

In order to develop its offering as a product from Tahiti, our teams in metropolitan France have selected exceptional products.

Thanks to their intermediation, Polynesian producers and brands are able to be represented in Europe. For the past few years, we have been selling products from our Tahitian Secrets line to the general public via trade shows and events.





Our company's skills extend from producing plant material to designing ingredients to formulating cosmetics to manufacturing and consulting (technical, marketing and regulatory). And all this beauty and wellness expertise comes under the banner of sustainable management of Polynesia's biodiversity.



Plant production  
and sourcing

Today, just a fraction of the resources of the plant kingdom in French Polynesia is known.

We are participating in the creation of responsible plant practices, which allow the development of quality resources and ingredients, guaranteeing the safety and sustainability of supplies and the respect of local populations.

In this unlimited field of botanic exploration, our team strives to reveal the hidden potential of Polynesia's plants.



Innovation, research  
& development

Our research program encompasses the different facets of sourcing plant matter while incorporating our sustainable-development principles. With our expertise, we can also provide advice on improving cultivation practices.



le Laboratoire  
du Formulateur

### *Les Séances de Création Cosmétique*

In 2008, inspired by the schools of top designers, our Tahiti unit created the innovative Laboratoire du Formulateur ("Formulator's Laboratory"), which invites you to discover the world of beauty within its walls.

This experience will teach you about the different steps in the creation and development of cosmetics inspired by Polynesian ingredients.

Formulators have more than 200 ingredients at their disposal, classified by category (use, scent, appearance) and family (plant oils, plant butters, plant extracts, essential oils, perfumes, pigments, exfoliants, colorants).

For about three hours, our team teaches participants about using their senses to evaluate raw materials, and creating formulas that are accessible to everyone.

As in any trade, pleasure is key, and we strive to share our passion in a playful and appealing way.

## Tourism



La Route du Monoï

### *The Monoï Road*

Founded in 2010 by the Institut du Monoï, a group of monoï manufacturers from Tahiti, our facilities on the west coast of Tahiti are a stop on the island's most popular itinerary for industrial visits. By following this route, visitors can learn about the botany, preparation methods and uses of plants in the Monoï de Tahiti sector.

To guide tourists when they arrive, a roadmap of the islands of Tahiti and Moorea is available at all major tourist outlets.

With a showroom of international brands incorporating our ingredients, an original formulation laboratory and a personal welcome, touring our production facilities is a must for anyone who loves monoï.



Bar à Monoï

### *Bar à Monoï*

Bar à Monoï ("Monoï Bar") is an event focused on this highly prized Tahitian product. It's an opportunity to find out (more) about the different collections of monoï oils as used in recipes and traditions.

With the assistance of a guide, the goal is to compose your own personal monoï oil using previously macerated and perfumed ready-to-use body oils.

Through this short version of a cosmetic creation session, participants, crafting their own custom oils, travel the islands discovering the many benefits of plants, the fragrances of flowers, and the most exotic scents: frangipane, kahaia, pitate (jasmine) and more.

On the strength of our expertise and quality assurance, our production unit focuses on three primary ingredients: Monoï de Tahiti (with the Appellation d'Origine label), tamanu oil, and noni juice.



### Manufacturing cosmetics ingredients

#### **Monoï de Tahiti Appellation d'Origine:**

Monoï de Tahiti Appellation d'Origine: made by steeping tiaré flowers (*Gardenia taitensis*) sourced from growers on the island of Tahiti in refined copra oil from the Huilerie de Tahiti.

#### **Tamanu oil:**

Made by pressing the dried almond of *Calophyllum inophyllum*, the "ati" tree in local parlance, supplied by local gatherers.

#### **Noni fruit juice**

Produced by pressing and ultra-filtration of the noni fruit (*Morinda citrifolia*) sourced from certified organic farmers on Tahiti.



### Formulation

#### **Formulation is the art of:**

- Pairing technique and creativity to create a uniform, stable blend that meets standards and satisfies customers;
- Solving problems stemming from the physical and chemical features of each raw material;
- Adapting to changing technology and materials, and to new trends, in order to offer products that meet regulatory, safety and environmental criteria.



### Making custom cosmetics

Our group has developed the know-how to meet market expectations by crafting and customizing Polynesian products along with manufacture, bottling, label application, coding and product information sheets.

We are equipped to develop a full product line including packaging.

At our sites, we have the capacity to produce a broad range of product forms: emulsions, gels, oils, foaming products, balms, exfoliants, eaux de toilette and more.



#### **Ambre Beaumenay-Joannet**

Project Lead, Cosmetics R&D

Laboratoire de Cosmétologie du Pacifique Sud - Tahiti



"After a six-month internship in 2016, I started my first job in 2017, in the company's production unit in Tahiti.

I'm in charge of cosmetics formulation projects and cosmetics regulations, which guides the manufacture of products from design to the finished product.

I help implement the measures required to guarantee consumer safety, while meeting the demands of European cosmetics regulations, to guarantee that consumers get a safe product.

My top concern is to formulate body care products using quality ingredients that respect the consumer and the environment, based on the company's responsible purchasing policy, with proper doses of perfume to minimize the allergenic nature of these substances for some users, while designing effective products that meet consumers' needs.

In my work on these projects, I consider the criteria of the Pacific region (health, UV rays, climate) to inspire the development of the company's brands."



We offer two body care brands in the service of Beauty and Wellness. These brands are essentially a travelogue of the founders and their journey—two pharmacists with explorers' souls who set off to learn about the people and plants of Tahiti and its islands. They have rediscovered ancient traditions and brought them into harmony with contemporary beauty and wellness values. The journey is also the promise of these products—each one is an invitation to discover a plant, a fragrance and a sensory experience. Their formulations awaken the desire for escape and exploration, the yearning for paradise and sun-drenched beauty.

Comptoir des Monoï is a creative, evolving brand that draws inspiration from original ingredients and a splendid palette of colors, scents and textures from the Polynesian wilds, inviting you to enjoy these products like any other sensory, sensual, sun-drenched experience, and the time you spend caring for yourself—always a moment of pleasure.

As a bridge between the traditional and the modern, Comptoir des Monoï has the finest line of Tahitian monoï oils with the Appellation d'Origine label. It embodies the brand of all those who recognize the Tahitian woman, the *vahiné*, as an icon of beauty firmly anchored in her time—a beauty built on the model of diversity, pleasure, sunshine, generosity and nature.



### Comptoir des Monoï in France

Comptoir des Monoï, which includes 23 products, is the best-known Polynesian brand of Tahitian monoï in France. It is sold at 500 volume-retail points of sale.

On the strength of nine years of distribution in the usual channels, the formulas of Comptoir des Monoï have all been prepared in Polynesia with the best local ingredients and maximum concentrations of Tahitian monoï (25% - 99%), guaranteeing the Monoï de Tahiti Appellation d'Origine.

They are distributed as follows:

- through volume retailers in France
- through beauty salons, perfume shops, hotel shops and volume retail outlets in French Polynesia.



Le Laboratoire du Formulateur is a Polynesian niche brand of products made in Tahiti. This line features the creations of every winner of Cosmetic Academy, the top cosmetics design challenge in France.

This body care line explores different collections: Spa, Sensualité and Tradition.

It combines original ingredients, sophisticated body care, the formulation expertise of our labs, and an original touch as expressed by Polynesian designers.

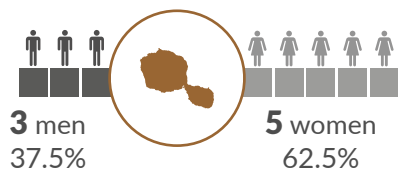
 le laboratoire  
du formulateur



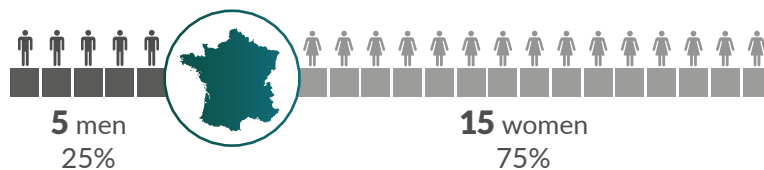


## Staff distribution by region and by gender

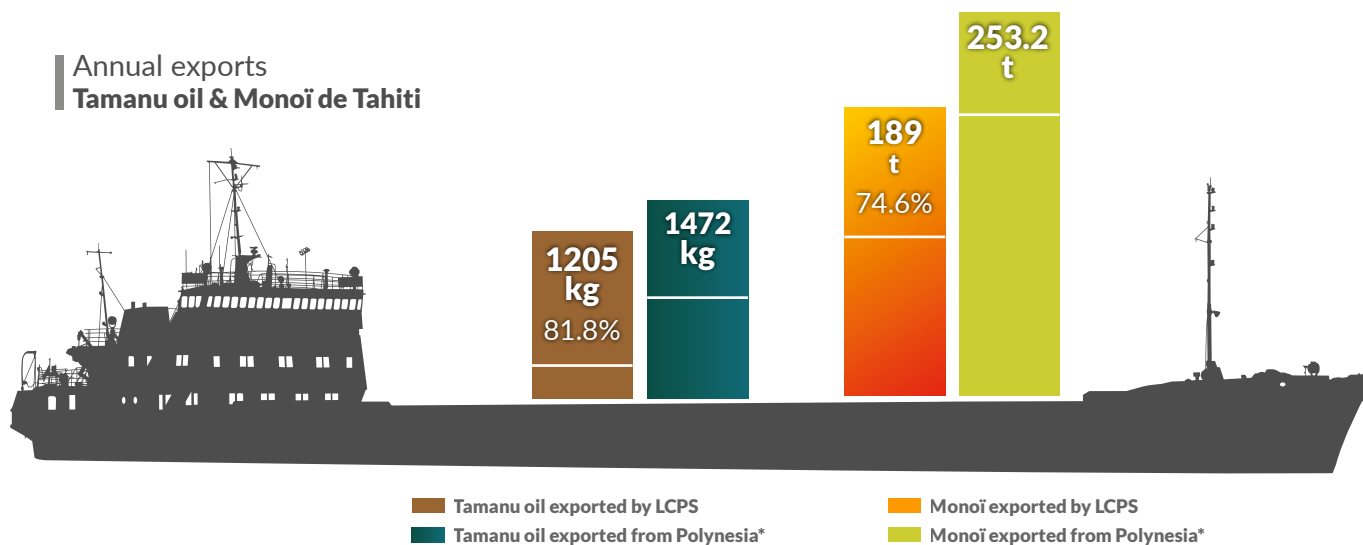
### Tahiti - French Polynesia



### Metropolitan France



## Annual exports Tamanu oil & Monoï de Tahiti



\* source: ISPF (Statistical Institute of French Polynesia)

## Number of units manufactured in 2016



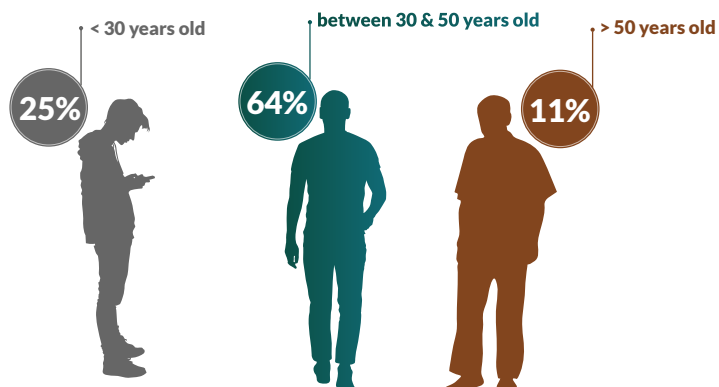
60,000 units manufactured  
in 2016 by LCPS  
Tahiti - French Polynesia



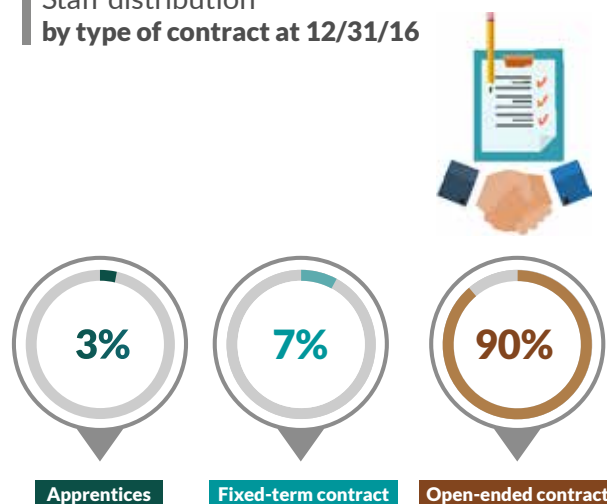
236,000 units manufactured  
in 2016 by PSC\*  
Metropolitan France

\* including 179,100 units manufactured by suppliers

## Staff distribution by age group at 12/31/16

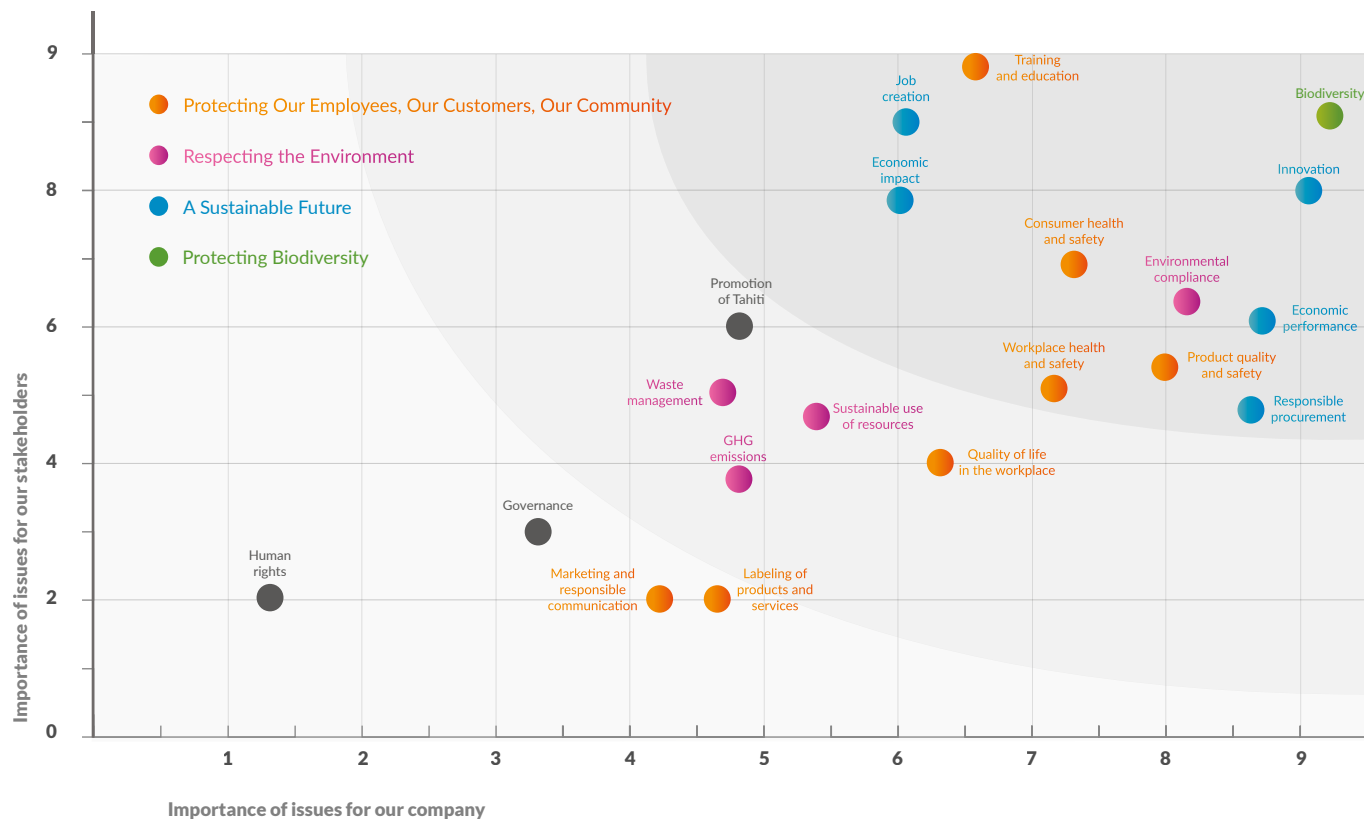


## Staff distribution by type of contract at 12/31/16



# Sustainable development issues

## South Pacific



Identifying stakeholders and establishing a dialogue are critical to social responsibility. The company must reflect on the relationships it has with its stakeholders and be mindful of consulting with them, because these exchanges help people understand the impact of the company's activities on society as a whole, and thus do more to prevent all of the risks related to the company's activities. Hearing different points of view is a natural driver of innovation for concrete solutions that can be applied. After identifying and listing them, we were able to group all of our stakeholders into the following categories:

- Customers (private, public end user)
- Staff and collaborators
- Suppliers
- Groups, associations
- Institutions, organizations, public services
- Authorities (public, municipal)
- Certifying bodies
- Media, local residents

We were not able to engage with all of the stakeholders identified—there were simply too many. We had to select and consult with the most relevant stakeholders for our company. We met with them, asked them about their expectations and then established an action plan. This selection included the level of importance of our impact on the stakeholder or its influence on the company.

In addition, an analysis of the company's issues and risks was also factored in.

These are the stakeholders we consulted in Tahiti: our staff and collaborators; the Department of Labor; the Papara Mayor's Office; Lycée Tuianu LeGayic high school in Papara; the Joint Management Fund; the Department of the Environment; the Chamber of Commerce, Industry, Services and Trades (CCISM); the Club des Entreprises Polynésiennes Eco-Responsables (Eco-Responsible Polynesian Companies' Club); the Ministry of Economic Affairs; the Agency for the Environment and Energy Management (ADEME); and the Center for Public Hygiene and Sanitation.

To find the overlap between our stakeholders' expectations and our own priorities, we carried out a materiality study that identified the issues to be considered and developed in this first report. This will serve us as needed in revising our targets and the relevance of our indicators, and adapting our reporting.

### A Stakeholder

The company does business in an environment made up of many actors: the stakeholders. These are individuals or organizations that can either influence a decision or activity, be influenced, or feel they are influenced by a decision or an activity of the company.



# PROTECTING BIODIVERSITY

Tahiti's most precious asset is its incredible biodiversity. Some species hold a privileged place in traditional knowledge; they represent unshakable bonds between the islands' cultural and natural heritage.

Ensuring respect for biodiversity is one of our core values. Our commitment is to promote these resources while preserving species and promoting ethical and responsible practices.

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- **Promoting Polynesia's** resources.....p.20



## Respecting resources

Overuse, damage, climate change—people can be considered the primary cause of species extinction. And yet, people have the opportunity and the means to reverse the trend. Still, they must understand this concept, the interest of preserving biodiversity; they must learn the ways of protecting, conserving and managing nature.

### TAHITI, A PARADISE TO PROTECT

With a view to respecting resources, we are taking action to raise awareness among all of our natural resource suppliers to ensure that the procurement of our raw materials respects biodiversity. Among these actions, we are currently updating all of our specifications to establish sustainable harvesting methods.

We also plan to draft a purchasing charter and a harvesting charter for distribution to our network. With these actions, we hope to improve resource management and limit the spread of invasive species.

The harvesting charter will be based on respect for plant life cycles and their reproductive methods, the ban on harvesting protected plants, and the obligation to respect ownership and harvest sites. To ensure that these directives are being applied, we will evaluate our suppliers' practices in the field.

The purchasing charter should ensure financial fairness to suppliers, incorporate environmental issues and set out a consistent buyer compensation policy. It will be drafted and distributed in 2017.

### TOWARD RESPONSIBLE SOURCING AND FARMING

We select suppliers who apply methods that are favorable to the development of organic farming and who meet the challenges of biodiversity:

- hand or machine weeding, which prevents pollution of the soil and groundwater
- replacing chemical fertilizers (herbicides, insecticides and fungicides) with alternative organic fertilizers, which help microbes flourish and break down organic matter to guarantee soil quality. As an additional benefit, this eliminates the health risks to our producers and consumers.

### PROMOTING ENVIRONMENTALLY-RESPONSIBLE EXTRACTION PROCESSES

Green chemistry reflects the concept of chemistry for sustainable development, which calls for economic, social, and environmental balance.

This principle is based on the use of renewable (non-fossil) raw materials, the reduction of energy requirements for processing, the control of pollution at the source, the selection of less-volatile substances, and the development of processes using and creating substances that are low-toxicity for humans and do not impact the environment. As part of our R&D and our future development, all of our

#### Key Performance Indicators up to 2025



Suppliers who follow the harvesting charter



Responsibly-sourced botanical ingredients

new projects include the selection of non-polluting renewable solvents sourced from plant materials, i.e., agro-solvents, as well as their recycling requirements so as to avoid overconsumption.

### MONITORING RAW MATERIAL PRODUCTION PROCESSES

During industrial development, processes undergo approval to determine the different technical steps required to guarantee output quality and define volumes.

The output of raw material processing, in plant oils and juices, is monitored with every production batch, in compliance with the Best Manufacturing Practices for each ingredient. Any variance is interpreted and then analyzed to set up an action plan.



**Francis Bennett**  
Plant supplier, Hiva Oa,  
Marquesas Islands



*"I've been working with the laboratory for 15 years. I organize a harvesting network and select plants for the lab on the island of Hiva Oa, in the Marquesas Islands.*

*Through our partnership I've been able to establish and refine a method of drying plants that stabilizes them before shipping them to Tahiti to be processed.*

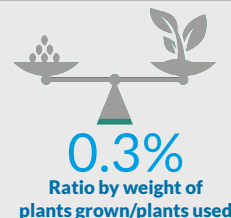
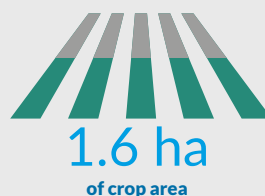
*I've participated in the creation of a pipeline for perfume flowers (Fagraea berteriana) and noni leaves (Morinda citrifolia) that has made it possible to market new monoï oil macerations to luxury and wellness brands.*

*These micro-pipelines create additional income for the island's population and make optimal use of our unused natural wealth."*

## Preserving plant species

Our focus areas are plants with organized growing methods and larger volumes handled. Plants that are harvested wild can only be handled in cooperation with the stakeholders.

### Key Performance Indicators up to 2025



### TIARÉ TAHITI, *Gardenia taitensis*

The iconic flower of French Polynesia, the tiaré Tahiti (*Gardenia taitensis*) is one of the key ingredients used in crafting Monoï de Tahiti Appellation d'Origine. Although the monoï sector is but a small part of this flower's annual production, a steady supply is required, and it has to be fresh.

Over the past 10 years, a worrisome decline has been observed in production area.

To prevent a shortage of flowers from threatening the sector, and secure the floral production structure, our group held an in-depth review to rethink growing procedures. In 2015, we founded Fenua Hotu SCA to operate and manage a tiaré flower plantation. The aim of this plantation is to support procurement from local producers, thereby preserving and guaranteeing the supply of an ingredient that is essential to the production chain and just as important for the local economy.

### NONI, *Morinda citrifolia*

The noni is a small tree that grows throughout the Pacific Islands and is deeply rooted in traditional Tahitian culture. It has been used by Polynesians for more than 2000 years and is considered a cure-all.

Today, its fruit is increasingly valued in the global economy thanks to its therapeutic and nutritional virtues. Noni juice is thought to have immune-boosting, pain-relieving and anti-inflammatory properties, to protect the body from various diseases, and to delay aging.

To guarantee the production quality of noni juice and contribute to environmentally-friendly farming, an organic fruit and juice sector was created in 2011, with producers located near our processing site. The specifications allow the company to supply the nutraceutical industry with quality juice that is pasteurized and ultra-filtered.

### SECURING OUR PLANT NETWORKS

To give the company's plant business staying power, from growing to processing, we are studying new projects to acquire farmland, with which we should be able to increase the volume of tiaré Tahiti bushes planted, and grow other varieties, in keeping with R&D interests and industrial development potential, with a clear organic farming policy.

### BIODIVERSITY: A CORE ISSUE

Since 2016, our group has steadfastly developed a pro-biodiversity strategy to protect its special biological features,

use these elements sustainably, and share the benefits of their use in a fair and balanced way.

In our R&D and enhancement work we take special pains to make sure that we are not using any of the species that are officially protected in French Polynesia and that we are respecting the CITES Endangered Animals and Plants Ordinance and the IUCN program.

Given the specific considerations of Tahiti as a South Pacific island, we decided to establish and/or promote integrated and/or organic farming models. Soil is a living, complex and multi-functional medium, recognized for its environmental functions as a water retainer, pollution purger and natural habitat. It is therefore imperative that we act to preserve ecosystems.

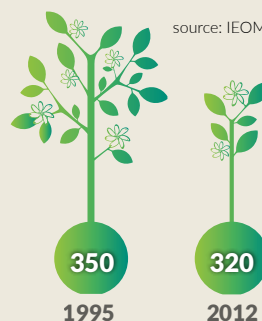
### The tiaré Tahiti sector is dwindling



Today, the majority of the tiaré Tahiti flower sector is composed of small family operations, showing a significant decline between the last two censuses in 1995 and 2012: the farmland area dedicated to tiaré Tahiti has shrunk by 19%, and the number of growers has fallen by 9%.

This decrease is due in part to the aging grower population, and to land-use issues as well.

source: IEOM Note expresse No. 178 – December 2015



**Change in the number of tiaré Tahiti producers between 1995 and 2012**

source: Agricultural censuses, SDR





# Developing Polynesian resources

Given their unique geographic and climate conditions, Tahiti and its islands give rise to a specific phytochemistry that makes Polynesian vegetation particularly attractive for the cosmetics industry.

- **A particular climate:** humid tropical, with constant winds (trade winds), strong exposure to sunlight and steady temperatures (between 25 and 27 °C, i.e., 77 and 80 °F)
- **Exceptional soil on two types of islands:** high volcanic islands and low-lying islands or atolls made of coral.
- **Rich composition of coral soil** (rich in active limestone)

French Polynesian flora grows in this favorable microclimate, which is characterized by its lushness, astonishing biodiversity and high rate of endemic species, which comprise 62% of its biota. Although this resource is known for its botanical properties, it is not well known for its chemical and pharmacological ones; nevertheless, its original molecules hold immense potential owing to their biological properties. With its abundance of plants and well preserved culture, French Polynesia is a source of inspiration for cosmetics industry market trends.

## A LEADER IN DEVELOPING TAHITIAN PRODUCTS

A large number of leading brands in the plant-based and natural cosmetics industry are inspired by our wide-ranging catalogue of ingredients, with 18 natural materials that have been sourced and developed, including 11 plant-based primary ingredients.

Our production unit in Tahiti obtains flowers mainly from the tiaré flower species in order to manufacture monoï in accordance with its protected designation of origin (appellation d'origine). It also supplies itself with tamanu nuts (*Calophyllum inophyllum*) to extract their oil, and noni fruit (*Morinda citrifolia*) to extract their juice.

In Polynesia, trade takes place across a territory equivalent in size to Europe, which does not make inter-island connections easy. Despite this challenge, we have been able to ensure and maintain quality sourcing thanks a network that supplies plant-based raw materials from all over the territory and facilitates the creation of agricultural micro-activities on the most remote islands.

Certain plant-based materials, including the tamanu nut and plants that are dried, are sometimes prepared at the island's harvest site following very precise specifications and a transfer of industrial knowledge before they are sent for development.

## ENHANCING OUR KNOWLEDGE OF OUR PRIMARY RESOURCES

In Tahiti, our team is participating in an ongoing study launched jointly in 2016 by the Institut du Monoï and the Department of Parks, Gardens and Property to examine the different species of tiaré flower with a view to creating the Institute's first conservatory in French Polynesia.

### Key Performance Indicators up to 2025



**11**  
Developed plants



**16.9**  
Total weight of plants harvested  
in metric tons  
(excluding coconut oil) /year

This study will allow us to find out more about this flower and select its cultivars according to identified phytochemical profiles in order to expand its uses in the perfume and cosmetics industry beyond monoï oil. This genetic selection may subsequently influence our choice of cultivars in our cultivation projects.

## CONDUCTING A GENETIC STUDY OF THE TIARÉ FLOWER

Under the guidance of an agroforestry specialist, this program debuted in late 2016 with the prospecting of various species of the *Gardenia* genus and cultivars of the Tahitian tiaré. The next phase of the assessment is phytochemical characterization.

Prospecting in the main archipelagoes involves:

- Locating and collecting the seeds, cuttings and layers of every variability of the *Gardenia* genus that exists in French Polynesia;
- Surveying growers, owners or traditional doctors to find out more about existing diversity and how it is used.

The chemical characterization of the various cultivars of tiaré, which will be identified, is invaluable in determining their variability and specificity in order to clarify their biological activity and validate traditional usages.



### Rich potential for sourcing and development ideas



The survey of land and marine resources carried out by the Research Institute for Development as part of a study entitled *Natural Substances in French Polynesia* has demonstrated that the region possesses significant "biodiversity capital," even

if, in the case of terrestrial plant species, its volume should be seen as relative to that of the continents from which the colonizing organisms of insular species originated. Notwithstanding, this insularity has contributed to pronounced endemism and, combined with other characteristics (particularly climatic ones), forms part of the region's uniqueness.



# RESPECTING THE ENVIRONMENT

Given our desire to preserve our environment, and in keeping with the requirements of the modern cosmetics industry, for the past several years we have focused on the environmental impact of our production sites and activities.

In order to curb this impact, we are committed to measuring it so that we can modify our activity, manage our waste and effluent, and promote best practices.

- Measuring **our environmental impact**.....p.22
- **Managing** effluent and waste.....p.23
- Developing **ecological responsibility**.....p.24



# Measuring our environmental impact

French Polynesia has not been spared by climate change and its multiple manifestations: since the 1970s, the sea level has risen by approximately 7 cm. ( $\approx$  2.75 in.) and the average temperature by 1°C (1.8°F). The precipitation regime and cyclone intensity have also changed.

## Key Performance Indicators up to 2025



3.3 kg

CO<sub>2</sub> equivalent emitted per kg of manufactured products



energy self-sufficiency

## REDUCING OUR CARBON FOOTPRINT

Our first greenhouse gas (GHG) assessment was finalized using the methods of Bilan Carbone® (the carbon accounting system of Association Bilan Carbone) in 2014. This study was carried out on the basis of data from the 2012 fiscal year and made it possible to determine the most significant sources of greenhouse gas emissions. In total, LCPS's direct and indirect GHG emissions totaled 467 tCO<sub>2</sub>eq (tonnes of CO<sub>2</sub> equivalent). After this analysis, targeted and company-specific reduction measures were proposed and implemented.

GHG assessments have been scheduled to occur every three years, and the last one was performed in 2015. For that period, emissions totaled 748 tCO<sub>2</sub>eq, or 3.3 kg of CO<sub>2</sub> per kg of products. This change may be accounted for primarily by a significant increase in production, the creation of new activities and an increase in staff.

The measures implemented since our first assessment have nonetheless made it possible to reduce emissions from three sources: energy, travel and direct waste.

The biggest sources of emissions are still inputs and freight. "Inputs" consist of the materials and equipment, services, and

current and annual purchases necessary for company operations, while "freight" corresponds to the merchandise, equipment, tools and company supplies transported by sea, road or air, and raw materials not factored into "inputs."

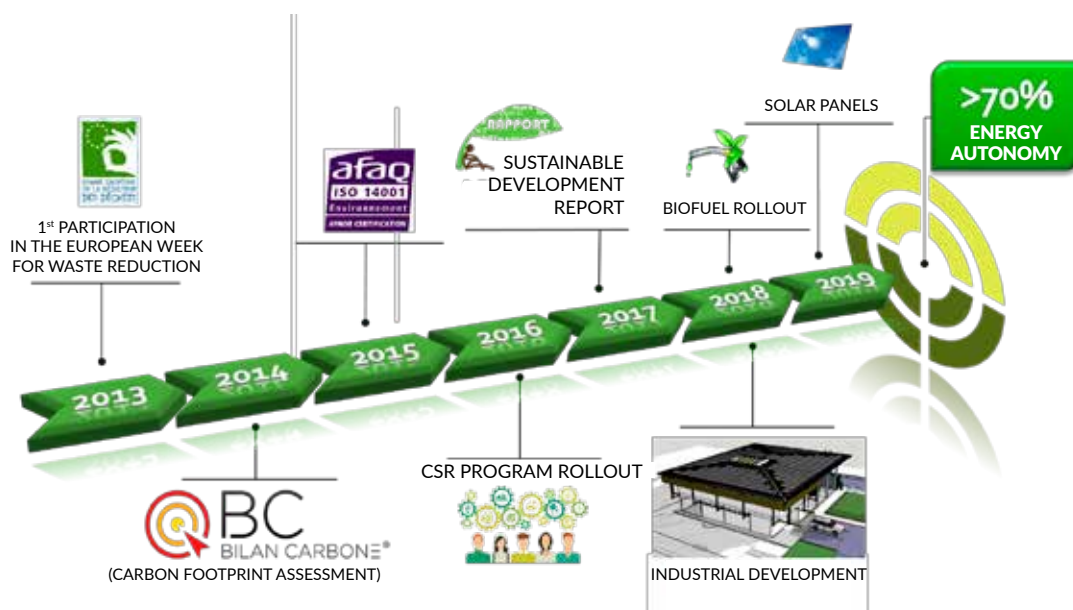
By 2025, through the reduction of its energy consumption and compliance with sustainable purchasing, LCPS commits to reducing the carbon footprint of its products by 10% and to applying this measuring method at its production site in the South of France.

At that location, joint efforts with the local business park association should help aggregate mail collection by creating a virtual office close to a postal collection point.

## EVOLVING TOWARD RENEWABLE ENERGY

With approximately eight hours of daily sunshine, photovoltaic solar energy has enormous potential for the Polynesian islands as an alternative energy solution.

Surveys of our site in Tahiti are still underway so that we can reduce emissions related to energy consumption. We are planning to reduce our energy consumption by 70% by installing solar panels and using a biofuel instead of the fossil fuel used to power certain equipment.





# Managing effluent and waste

Reducing waste and effluent was the first measure implemented by the company because of the commonsense actions it entailed.

## ECOLOGICALLY-RESPONSIBLE BEST PRACTICES ADOPTED

Before we converted our waste, our first step was to implement sorting measures. At the Tahiti site, selective sorting is carried out with no fewer than seven categories of waste: organic waste, recyclables, waste for processing by the relevant agency (WEEE, scrap metal, paint, etc.), batteries, sheets of paper, glass containers and other waste. The category of packaging and glass containers was added in 2016. With a waste recycling rate that reaches 85%, LCPS takes a relatively exemplary approach.

Industrial waste, such as the plants used for the manufacturing of products, along with quilted paper and office waste (food remains, coffee grounds, tea, etc.) are composted. Crushed sheets of paper and used cardboard are used to cushion the empty spaces in our shipping boxes.

At the France site, PSI selectively sorts its waste. A collection network allows it to recycle batteries, light bulbs, neon tubes, toner and ink cartridges, and used cardboard on-site.

## A WELL-DEVELOPED CIRCULAR ECONOMY

By giving a second life to certain kinds of waste, we reduce our environmental impact by diverting it from traditional collection routes. These actions allow us to enact a circular economy.

The oils that are discarded from our production processes or that have expired, and are thus unfit for commercial use, are marked for conversion to biofuel. A feasibility study conducted by the CIRAD (French Agricultural Research Center for International Development) in Montpellier is currently underway.

In 2016, two types of production waste resulting from our industrial processes—tamanu shells and noni pulp—found a second life on our agricultural plantation.

After tamanu nuts are crushed for the manufacturing of tamanu oil, their shells are utilized as mulch in order to maintain the micro-fauna necessary for the ecological balance of the plantation. Noni pulp, which is obtained after the fruit is pressed for its juice, along with the runoff from the rinsing of the filtration unit, is spread around the plantation to limit weed growth.

These best practices allow us to achieve a permaculture model which we hope will soon result in an organic certification. These examples of conversion show that it is possible to consider waste as an exploitable resource.

## MANAGED RESOURCES

As regards water management, LCPS is linked to the municipality's distribution network and, although there is no monitoring system in place, has collected its consumption data twice yearly since July 2015. Studies have been conducted at the work stations

### Key Performance Indicators up to 2025



42.5%

% of converted waste



2 L

of water consumed  
per kg of product

of water consumers. Procedures have been updated so as to provide recommendations for the sensible use of water, and awareness campaigns have been carried out internally to ensure the improved management of this resource.

In 2016, the Tahitian site registered a consumption rate of 2.3 liters of water per kg of manufactured products. In 2017, LCPS must acquire a flow meter to ensure the online management of its water consumption and thus enhance the response to its awareness efforts and corrective measures.

Our Aubagne facilities in the South of France are equipped with a water and electricity consumption management system and a reprocessing station for pollutants, which enable effluent containing low levels of inorganic materials to be discharged into the sewage-disposal system. In 2016, this site registered a consumption rate of 1.7 liters of water per kg of manufactured products.

In Aubagne, a heat pump with an energy recuperator positioned within exhaust air streams and heating/air-conditioning exchangers facilitates the regulation and recovery of heat that will be reused to warm monoï oil. During the summer, the building ventilation system brings in the cool night air, which lowers the ambient temperature.

### Researching the reclamation of discarded monoï oil



During the production of monoï oil, tiaré flowers are placed in food-grade fabric pouches and are steeped in copra oil. During that time, they discharge approximately 15% of their water content. At the end of this stage, the pouches are carefully removed from the steeping vats to avoid crushing them and spilling this mix of water and oil

into the manufacturing batch. This mix is then left to settle so as to eliminate the water.

After we were selected the winner of a call for circular economy projects, issued by the French Environment and Energy Management Agency (ADEME) in Polynesia, we commissioned the CIRAD to perform a study on converting discarded monoï oil into biofuel.

The study concluded that, when used as a fuel, discarded monoï oil has an overconsumption rate by volume of approximately 9 to 10%, but with an average energy conversion yield that is 2% higher than that of diesel fuel.

The polluting gas emissions of this biofuel, as well as the amount of soot released into the atmosphere, are lower than the emissions created during the production of diesel fuel.

Substituting 1 liter of discarded monoï oil for 1 liter of diesel results in a reduction of 2.8 kg of fossil-fuel-created CO<sub>2</sub> emissions.

These elements help us partially assess the positive impact that using this oil as a biofuel has on both the environment and human health.

(\*: 1 liter of diesel oil emits 2.77 kg of CO<sub>2</sub>)





## Developing ecological responsibility

For the past few years, all of our company's decisions have been influenced by and subject to principles of ecological responsibility. Given our Aubagne building's conformity with the guidelines for the Mediterranean basin and our development project for reducing the carbon footprint of our Tahitian site, ecological responsibility is at the heart of our strategy.

### A TREND OF AWARENESS-RAISING AMONG OUR TEAMS

At LCPS, numerous awareness campaigns are carried out among our staff. The areas targeted by these campaigns deal with the difficulties encountered by the whole team in terms of continual improvement. In 2016, four areas were addressed: eco-driving, sorting plastic packaging, Corporate Social Responsibility and the identification of recycling logos.

These awareness campaigns are conducted in the form of a fun presentation accompanied by a questionnaire or role-playing in order to cement participants' understanding.

All new employees are made aware of ecological responsibility from their first day of work when they are handed a localized guide called Polynesia's Little Green Booklet. This guide offers tips and simple, concrete suggestions on how to live and work together while respecting the environment.

### ACTIVELY SEEKING TO PROMOTE BEST PRACTICES

Externally, we endeavor to share our best practices for ecological responsibility with the public at large through events, meetings and televised reports.

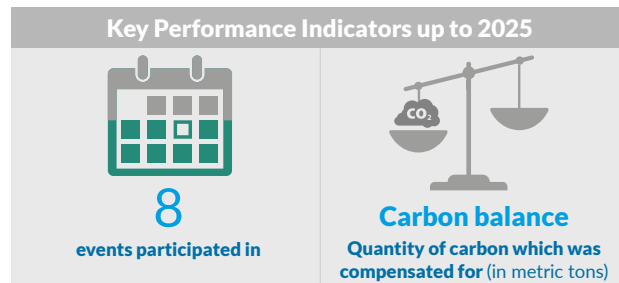
In 2016, Laboratoire de Cosmétologie du Pacifique Sud participated in public presentations and was featured several times in media reports that focused on its environmental policy and its tiaré flower plantation.

Another powerful moment for mobilization is the European Week for Waste Reduction, which is organized by ADEME (the French Environment and Energy Management Agency). When we participated in 2016, we showcased our reuse of company waste on our Fenua Hotu farm. The general public was invited to discover these activities through a free guided tour offered throughout that week. Moreover, on the initiative of the Eco-Responsible Polynesian Companies' Club, a daily email awareness campaign on reducing waste was distributed internally to all the company's employees at its various sites.

During visits to our production unit in Tahiti, we particularly emphasize ecologically-responsible actions and policies in order to raise awareness among consumers and help them become more discerning in their purchasing decisions. This discussion not only captures the attention of the island's primary and secondary schools, but also reassures tourists of the values held by local industries.

### PERMACULTURE FOR OUR AGRICULTURAL PRODUCTION MODELS

Natural fertilization entails bringing only natural materials (those of natural origin) on one's plot of land. In our models, we promote the growth of living organisms present in soil which, above



all, are decomposers of organic material. This approach consists of mulching, or spreading organic material directly on the ground, around the plants (compost, algae, nutshells, etc.). This technique has positive effects on soil quality in terms of its fertility, structure, humus and biological activity. By doing this, we directly feed the living organisms present in the soil which, in turn, nourishes the plant.

In order to meet organic farming specifications and customer requirements we have introduced a legume, *Arachis pintoï* (Pinto peanut), which enriches the soil with the nitrogen it captures from the air.

### OUR COMMITMENT TO A CARBON NEUTRAL POLICY IN TAHITI

Our production site in Tahiti is committed to a carbon neutral policy which, in 2025, after it reduces its environmental impact, should allow it to overwhelmingly compensate for its emissions through the carbon sequestration that results from its involvement in agricultural production.

#### Turtle Day Turtle Center – Bora Bora



Turtle Day is one of Tahiti's must-see events. Organized since 2014 by the Bora Bora Turtle Center and hosted by Le Méridien Hotel in Bora Bora, this day-long event raises awareness among tourists, the general population and, above all, children, about the need to protect the sea turtle and preserve its ecosystem.

During this event, various workshops are held to enhance the public's understanding of why it is crucial to protect the environment.

Through its "Monoï Bar" workshop, LCPS illustrates the environmental exemplarity of its industrial activities and endeavors to convince each and every one of the attendees to help protect the environment. The workshop focuses primarily on how LCPS abides by the principle of ecological responsibility throughout all the stages of monoï production in Tahiti, from the beginning all the way through the waste conversion stage.



# PROTECTING OUR EMPLOYEES, OUR CUSTOMERS, OUR COMMUNITY

Our company stands at the center of an interdependent social ecosystem, driving interaction between employees, customers and suppliers. Ever conscious of our role in nurturing and wielding this human potential, we are committed to pursuing inclusiveness in employment, providing a safe and healthy work environment for our staff, and contributing to the well-being of society through community-friendly policies.

- **Encouraging social** and professional inclusion.....p.26
- **Improving quality of life in the workplace**.....p.27
- **Caring for communities**.....p.28

## Encouraging social and professional inclusion

Encouraging social mobility and helping our employees and our community to develop skills are part of our values. That is why we are always eager to host interns and students pursuing professional degrees, and regularly sit on academic examination boards.

### SIMPLIFIED INTEGRATION OF NEW EMPLOYEES

New employees receive a personalized welcome specific to their job title and their duties. New employees also receive a welcome booklet and communications tools that equip them with essential information on the company, including our values, the organization and safety measures. Additionally, a mentor is assigned to every new employee to promote long-term integration.

An interview with the executive team helps new employees to define their objectives, missions and main tasks, and to determine any necessary training. The executive team of each of the company's sites invites new employees and all team members for a friendly meal to facilitate introductions, encourage a sense of belonging, and help new employees get quickly up to speed.

### PERSONALIZED WORKPLACE SUPPORT

At the end of the first month, the new employee and the executive team meet to carry out a status update and to review completed tasks. After six months, new employees provide their initial impressions about the company and offer suggestions for improvement.

These comments are written down and the most relevant suggestions are forwarded to the executive team as possible areas for improvement. Employees get to meet with the executive team at least once a year to foster communication, evaluate progress relative to objectives, clarify expectations, determine training needs, discuss requests and plan for the future.

### PROFESSIONAL TRAINING AS PERFORMANCE TOOL

Our company considers training to be essential to performance. Even while training supports skills development, maintains employability, and improves access to various levels of professional qualification for our staff, it also strengthens the company's competitiveness. In 2016, 25% of LCPS employees attended at least one training session, averaging 5.8 hours, and 40% of PSI employees attended at least one training session, averaging 2.1 hours. Our objective is for 50% of the company's employees to receive training over the course of a year by 2025.

### WORKPLACE IMMERSION FROM DESIGN TO DISTRIBUTION

By offering attractive internships, we help interns round out their training, and offer an introduction to the workplace or to an unfamiliar business sector. Similarly, we seek to share our expertise developed in a high-standards environment, and have built strong relationships with the educational community (schools, univer-

### Key Performance Indicators up to 2025



**32.5%**  
of employees  
received training



**3.9 h**  
of training on average

sities and training centers), partnering with these institutions on professionalization projects and events.

A special program geared towards Polynesian students was created in collaboration with the Delegation of French Polynesia in Paris and one high school in Tahiti, offering professional internships in the European Union or alternating internships between our sites in the South Pacific and in France. This collaboration provides students with the opportunity to experience international markets first-hand and to learn about consumer trends and the promotion of Polynesian products.

A successful internship at our company



**Cynthia Deane**

Age 22, graduate of the Tahiti School of Business



"After graduating from high school with an economics baccalaureate I chose to enroll at the École de Commerce de Tahiti (Tahiti School of Business) for their comprehensive program backed by professional training, with individual support and an international outlook.

I had the chance to do an internship at Laboratoire de Cosmétologie du Pacifique Sud in 2015. It was an incredibly rewarding experience. It gave me a better perspective of the cosmetics sector at the international level and allowed me to understand the terrain and appreciate the strategy driving a company recognized for both its high quality products and its values. My current training in luxury marketing is helping me strengthen and enhance my marketing and management skills, and gain insight into the culture of excellence in the luxury sector.

Once I have my master's degree, I aim to gain further experience as a product manager at a cosmetics brand in France or to work in South Korea, the new El Dorado of the cosmetics industry."



# Improving quality of life in the workplace

Some indicators can serve as warnings, and these indicators can be used to improve the quality of life in the workplace. For example, an overly high rate of absenteeism not only impairs productivity and performance, it can undermine workplace cohesion and indicate a certain level of disengagement with the job. The goal is not to eliminate all absences, but to identify those that are red flags for poor workplace conditions.

## Key Performance Indicators up to 2025

  
**28.1%**  
Frequency Rate<sup>1</sup>

  
**3.5%**  
Absenteeism Rate<sup>2</sup>

## WELL-BEING: A SOURCE OF MOTIVATION

Quality of life in the workplace is determined by the conditions in which employees perform their job. From physical and psychological health to workplace relationships and environmental surroundings—myriad factors affect an employee's quality of life in the workplace. Not only is quality of life on the job essential to the health and well-being of individual employees, it is also a factor in company performance, since happy employees are more committed to their jobs and more productive.

Two indicators serve as red flags for a deteriorating quality of life in the workplace: the absenteeism rate and the turnover rate. Regular absences and frequent turnover may indicate a hostile work environment or difficult working conditions. At our Tahiti site, recorded absences were all related to ordinary illness, which resulted in an absenteeism rate of 1.2%. The total number of employees did not change during the reporting year. At our site in the south of France, absenteeism was 5.7%, and turnover was 15.5%.

To enhance job attractiveness, our company sites located in rural areas plan to provide employees with vegetables grown on organic or sustainable farms located near or on company land. A concierge service for employees is also being planned.

## WORKPLACE HEALTH AND SAFETY BEYOND REGULATION

The company views employee health and safety as more than just a regulatory obligation; rather, the health and safety of those who work at the company (employees, interns, service providers) and those who visit our sites (clients, suppliers, visitors) form an imperative stemming from our company's values. To strengthen its commitment, the Tahiti site has instituted an integrated workplace health and safety system based on the OHSAS 18001 standard.

Our operations were certified in 2015 by AFNOR, the French Standards Association, and no workplace accidents were reported during the reporting year. However, two accidents were reported in metropolitan France. The entire team will make an effort to improve health and safety, drawing inspiration from regular reminders conducted internally at the Tahiti site (e.g., the "15-minute reminder") and from its integrated safety management system.

## Going digital to improve employee well-being



Since 2014, we have held annual meetings to evaluate company performance. During these meetings, employees can make suggestions about possible improvements, with the goal of reducing difficulties encountered by team members and the company.

In 2016, individual strength profiles were created for each employee. A strength is defined as both the natural capacity to accomplish objectives and the aptitude to do so at a high level of performance. Using an online tool, each employee was able to evaluate and rank his or her own individual strengths. The top five strengths of each employee, including new employees, are displayed at the company to encourage dissemination and consideration.

An online application has been deployed at the Tahiti site to gather employee impressions, feedback and suggestions. After several months of testing, another application for professional social networking will be implemented in 2017. This application will be more intuitive and user-friendly, thereby encouraging daily use.

1- (Number of accidents [workplace or in transit] × 1,000,000 / Number of hours of risk exposure)

2- (Number of days absent for the period / Number of possible working days for the period) × 100



## Caring for communities

The prominence of the company and laboratory in Tahiti means that we receive many requests each year from associations and organizations eager to learn more about Polynesian culture through an ancestral oil that remains integral to traditions.

### PARTICIPATING ACTIVELY IN KNOWLEDGE-SHARING

On the Route du Monoï (Monoï Route), tourists and locals alike have the chance to visit our production site and to learn more about the process of creating natural extracts. Educational tours are arranged regularly for training organizations, associations, schools and children's groups. Tours are, of course, tailored to the group and can be modified to meet special needs and requests.

For example, professional development groups might visit to gain a better understanding of the company's operations, and to seek recommendations on leading a successful job search, while others might be interested in learning more about Polynesian culture.

In 2017 in Tahiti, we will be entering into a partnership with La Saga, a non-profit organization that organizes activities for Polynesian youth during their summer vacation, in order to promote Polynesian culture, with a focus on traditional knowledge of plants.

### FULLY IMMERSED IN THE ROLE OF COSMETIC CHEMISTS

Our cosmetics creation sessions offer the opportunity to delve deeper into how cosmetics are made. Through sensory workshops, apprentice cosmetics formulators discover the different Polynesian ingredients used in cosmetics and their various properties. This fun, hands-on experience transforms cosmetics users into cosmetics makers, immersing them in a world of beauty that offers a flawless combination of tradition and modernity.

### OUR PARTNERS AND OUR CUSTOMERS ARE AT THE HEART OF WHAT WE DO

We make it a point of pride that our products are safe for our production team and for our customers, respectively, by limiting the need to handle noxious materials and by reducing allergens or potentially harmful ingredients.

We ensure the quality of our production by adhering to the European Union's Good Manufacturing Practice for ingredients and cosmetic products, despite the lack of regulatory obligation for French Polynesia. Our site in the South of France ensures compliance with rigorous standards and strict adherence to guidelines. Earlier in the production chain, we also ensure that our primary ingredients are grown sustainably. For example, our tiaré flower plantation adheres to the World Health Organization's Good Agricultural Practices.

#### Key Performance Indicators up to 2025



**2000 / year**  
Number of visitors per year  
to all our sites



**Evaluation of customer  
satisfaction**

In 2017, we will review our brands' development projects, reaching out to customers on this issue to make the process more participatory.

### OUR R&D BENEFITING PUBLIC HEALTH

Seeking to contribute to public health in Tahiti, and responding to a specific need, we wanted to use our expertise to combat diseases transmitted by mosquitoes such as dengue fever and Zika. Mosquitoes are carriers of disease and can transmit them to humans, leading to numerous complications and even death. In French Polynesia, an estimated 18,000 people out of a total population of approximately 250,000 are infected with the dengue virus each year.

Our team therefore decided to create an effective mosquito repellent with a biocide-type formula which is expected to be produced in Tahiti beginning in 2018.

Always seeking new uses and applications for local products, we designed an original, technically advanced formula that combines a next-generation mosquito-repelling molecule and traditional ingredients.



**Valérie Goslino**  
Quality Assistant  
Pacifique Sud Ingrédients – Aubagne



*"I've been working as quality assistant in Aubagne for the past five years. My job is to ensure traceability of our cosmetic products from production to marketing using organoleptic, physicochemical and bacteriological controls at each key step of the process."*

*I also assist in regulatory controls that verify whether a cosmetic product is safe for the final user. We constantly test our products to ensure they comply with current regulations for cosmetics, performing challenge testing and safety evaluation, and drafting the product information file.*

*I also contribute to the safety of our production operators, using material safety data sheets to inform them of precautions to take when handling ingredients during production."*





## A SUSTAINABLE FUTURE

A healthy economy cannot be based on a production model that is dependent upon non-renewable resources, in which manufactured products are purchased, consumed and then discarded. Instead, we must take a long-term view of growth, looking towards a future that we imagine, invent and build ourselves. To contribute to a sustainable future, we are committed to fostering innovation, practicing responsible management and promoting sustainable growth.

- **Fostering innovation**.....p.30
- **Practicing responsible management**.....p.31
- **Promoting sustainable growth**.....p.32



## Fostering innovation

Innovation leads to new processes and new products that meet needs and address challenges such as those related to health and the environment. At the same time, innovation stimulates productivity, creates jobs and helps improve the community's quality of life.

### A TECHNICAL TEAM WITH 25 YEARS OF EXPERIENCE

Overseen by doctors in pharmaceutical sciences, our R&D teams develop new and original ingredients corresponding to market trends, and create original and innovative formulas with special attention to sensory characteristics and origin of ingredients. Ingredients cannot always be used in their natural and original form. They must also meet qualitative criteria and be workable in formulas. Our team transforms these ingredients through solubilization, encapsulation, de-resination and deodorization for use in our products.

We work closely with leading luxury cosmetics brands, producing natural extracts according to their strict specifications. These collaborations frequently result in the transfer of processes.

Some projects are developed in Tahiti in collaboration with corporate partners, independent laboratories, the Université de la Polynésie Française, the Institut Agro-Alimentaire (IAA, the Agro-Food Institute) of the rural development agency, the French Agricultural Research Centre for International Development (CIRAD) and the Tahiti Fa'ahotu business cluster.

### COSMETICS TRAINING HUB

Our expertise lies in the creation, formulation and manufacture of cosmetics, which are created according to detailed specifications and to clients' demands regarding appearance, organoleptic properties, effectiveness, conservation and packaging, and are tailored to future users.

We mine our experience and apply our expertise to develop finished and semi-finished products ready for packaging, as well as professional products used in beauty salons and spas.

Our passion for creating cosmetics extends to each and every product, all inspired by the bounty of French Polynesia and always responsive to consumers' needs and desires.

New formulation initiatives were launched in 2016 by the Research & Development department of Laboratoire de Cosmétologie du Pacifique Sud. Two new products currently undergoing validation were created with the assistance of two interns specialized in cosmetics formulation who are completing their training at our laboratories. New formulas were created, including ones for mosquito repellants, and ones based on ingredients extracted from fruit concentrates.

### A NEW PLANT-SCREENING PROGRAM

Among the various initiatives we developed over the course of this year was the program to screen plants for potential use, which was used to analyze approximately 10 species. This selection was made according to three criteria: sourcing,

### Key Performance Indicators up to 2025



8

Ingredients  
created in 2016



173

New cosmetic formulas  
created in 2016

chemical/biological profile and commercial profile. The project began with the collection of plants. Then, with the assistance of the Université de la Polynésie Française and the Institut Agro-Alimentaire (IAA, the Agro-Food Institute) of the rural development department of Papara, three different extraction processes (via solvents or hydrodistillation) were used, which required the acquisition of new laboratory equipment.

Extracts obtained were sent to a laboratory in France to determine the phytochemical profile of their components and explore their biological characteristics and potential use as active ingredients in cosmetic products.

Our R&D department in Tahiti presented the initial results of this research at the 5th International Cosmetopeia Congress organized by Cosmetic Valley and Tahiti Fa'ahotu, held in November 2016 in Tahiti.



### Promoting a circular economy: resource recovery of Tahitian grapefruit

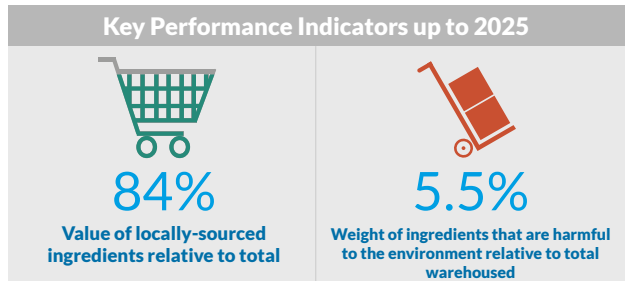


*Citrus grandis* (L.) Osbeck grapefruit is appreciated for its sweet and distinctive flavor. Every year, 50 to 100 tons of fruit are delivered to the Moorea fruit juice factory to be transformed into juice and jams. The resulting co-products – pulp and pericarp – are discarded by the factory, but could be used to create natural active ingredients since they contain limonene. Under our R&D program, our team tested three types of extractions using this food waste: hydro-alcoholic maceration, hydrodistillation and maceration with 2-Methyltetrahydrofuran (2-MeTHF), an organic solvent. Phytochemical properties of each extract were analyzed, revealing the presence of flavonoids (flavones and flavanones) in the hydro-alcoholic extracts, but also terpenes in MeTHF extracts and in the essential oils.

Objectivation testing is anticipated to validate biological activities, since these extracts present a clear business opportunity in a market showing growing demand for high quality natural products.

# Practicing responsible management

By integrating the principles of sustainable development in our processes, we seek to adopt and implement environmentally responsible purchasing. To reduce our environmental impact, we promote the purchase of environmentally friendly products that minimize harmful impacts during their life cycle.



## RESPONSIBLE PURCHASING POLICY

By adhering to ethical purchasing practices that are in line with the company's overall strategy, we demonstrate our commitment to raising awareness among our customers through our values. To contribute to the development of the local economy, we have set the objective of sourcing 90% of our purchases locally.

In 2016, the share of purchases made in French Polynesia by LCPS was 78% (excluding copra oil), and the share of purchases made in France by PSI was 90%.

Our various sites all seek out French-made products and locally-sourced products. This requires additional planning and detailed review of actual needs to limit unnecessary costs. Responsible purchasing takes into account environmental, social, and economic impact over the course of use.

## TOWARDS A COLLABORATIVE ECONOMY

We consider the impact of our purchasing on our organization, our environment and our suppliers while keeping an eye on overall costs.

Subcontracting non-core operations is a common business practice. Laboratoire de Cosmétologie du Pacifique Sud has chosen to partner with Ateliers Pour la Réinsertion Professionnelle (APRP, which translates as "workshops for vocational reintegration") for the packaging of certain products in plastic. APRP is a unique company in French Polynesia, with workshops that provide vocational and social reintegration opportunities. At least 80% of its workers are persons with disabilities. LCPS has also decided to subcontract the task of crushing tamanu nuts, choosing to work with an independent contractor based in Papara.

At our site in the South of France, we strive to foster an inclusive workplace for workers with disabilities. PSI regularly hires the services of workers with disabilities at its packaging unit. It works with specialized employment agencies to recruit workers with disabilities to box products and label them, among other operations. To participate further in the collaborative economy, we will soon refit the company's roofs to accommodate the hives of local beekeepers.

## OUR OFFICE CONSUMABLES AND PRINTING

We use PEFC-certified paper in our offices that is produced from sustainably managed forests. Our printers are all set by default to print double-sided and in black and white. For our labels and communications documents, we choose to work with printers who demonstrate their environmental commitment by signing environmental charters such as Imprim'Vert. For most of our printing needs, we make use of plant-based inks and recyclable paper. In France, we recycle our used ink cartridges by sending them to specialized dealers, using the existing recycling networks.

## SHARING OUR SUCCESS WITH OUR PARTNERS

To strengthen our relationship with our suppliers and to share our success, we plan to give back to producers by offering them finished products in proportion to their harvest sold to us. For ingredients used in cosmetics, producers will receive 2% of their delivered goods in the form of processed product. For primary food ingredients, producers will receive 1%. This benefit will strengthen our ties to our suppliers and help them to appreciate their role in the product value chain.

## THE MONOÏ DE TAHITI A.O. LABEL: A FORERUNNER IN BIOPIRACY PROTECTION

To combat counterfeit products, producers of Monoï de Tahiti joined forces in the late 1980s to protect the traditional manufacture of monoï oil. With essential support from the government at both the national and local level, business leaders led the project to obtain official recognition of the unique qualities of monoï oil and the authenticity of its ingredients and quality of manufacture. In 1992, Monoï de Tahiti became the first cosmetic product to obtain the Appellation d'Origine (Appellation of Origin) label, currently the only such label in French Polynesia.

### The Monoï de Tahiti Appellation d'Origine Label



Integrating ancestral knowledge and new plant extraction technologies, Monoï de Tahiti is a product precisely defined by an Appellation d'Origine label. Since April 1, 1992, the ingredients and the manufacturing process of Monoï de Tahiti are strictly defined by French Decree No. 92-340 as follows:

"Monoï de Tahiti is the product obtained by the maceration of tiaré flowers in refined copra oil, which is extracted from coconuts harvested at maturity from trees planted in coralline soil in the geographical area of French Polynesia. Nuts must be from *Cocos nucifera* trees. Tiaré flowers must be from *Gardenia taitensis* of Polynesian origin and harvested as buds [...]"





# Promoting sustainable growth

The goal of sustainable growth is to create a healthy environment, in which the community as a whole can thrive. This dynamic environment creates the stimulants that help an economy to develop.

This vision of the company is based on three fundamental tasks:

- Maintaining a clean and healthy environment
- Investing in research and development
- Transitioning to renewable energy sources

## Key Performance Indicators up to 2025



346 t

Production volume for both sites  
(in metric tons)



400

Number of indirect jobs created  
(copra producers included)

## MICRO-BUSINESSES ON DISTANT ISLANDS

Our suppliers of primary natural ingredients are located throughout French Polynesia. Seventy-seven percent of these suppliers live in the Tuamotu archipelago, on isolated islands such as Takume, Takapoto and Fakahina. Twenty-two percent live on the Society Islands, the majority of whom live on Tahiti, with 1% located on the Marquesas Islands and 1% on the Austral Islands.

Through the purchase of coconut oil, tiaré Tahiti flowers and tamanu nuts, the share of sales transferred to Polynesian agriculture by LCPS in 2016 was 39%.

## A MODERN MANUFACTURING AND DISTRIBUTION UNIT IN THE SOUTH OF FRANCE

To meet changing distribution needs, in 2013 PSI added a new production site in 2013 in Aubagne, in the South of France. This was in response to new business, representing an investment of €2.5 million to purchase 2,300 sq. m. (nearly 25,000 sq. ft.) of property and the construction of a 1,600 sq. m. (= 17,000 sq. ft.) modern cosmetics production facility.

This new building received BDM Bronze qualification. BDM, which stands for Bâtiments Durables Méditerranéens (Sustainable Mediterranean Buildings), is a regional building system that integrates environmentally responsible design, construction and operation. Our team in metropolitan France has begun to recreate successful ventures of our Tahiti location, such as the Monoï Bar and the Cosmetic Academy. From design to construction of these new facilities, environmental impact was a major concern.

## A GROWING UNIT IN TAHITI

For our business in French Polynesia, we prepared an investment package with the objective of expanding and modifying existing installations. This expansion contributes to the company's pursuit of innovation, quality and environmentally-friendly practices. It will also help to reduce the carbon footprint of the company and its products.

New installations would also improve work conditions for our staff, reducing the strenuousness of certain work stations.



## A model project in Tahiti



This expansion project has been designed specifically to reduce the carbon impact of construction materials. The objective is to:

- Increase productivity at the facility
- Expand the production and warehousing space
- Enhance hosting capacity

The investment package of more than €2.1 million (250 million CFP francs) notably includes the purchase of a 1,400 sq. m. (15,000 sq. ft.) lot, construction of facilities providing an additional 780 sq. m. (8,400 sq. ft.) in surface area, and additional equipment for increasing production capacity and improving productivity.

From this investment package, 15% must further environmentally-friendly initiatives:

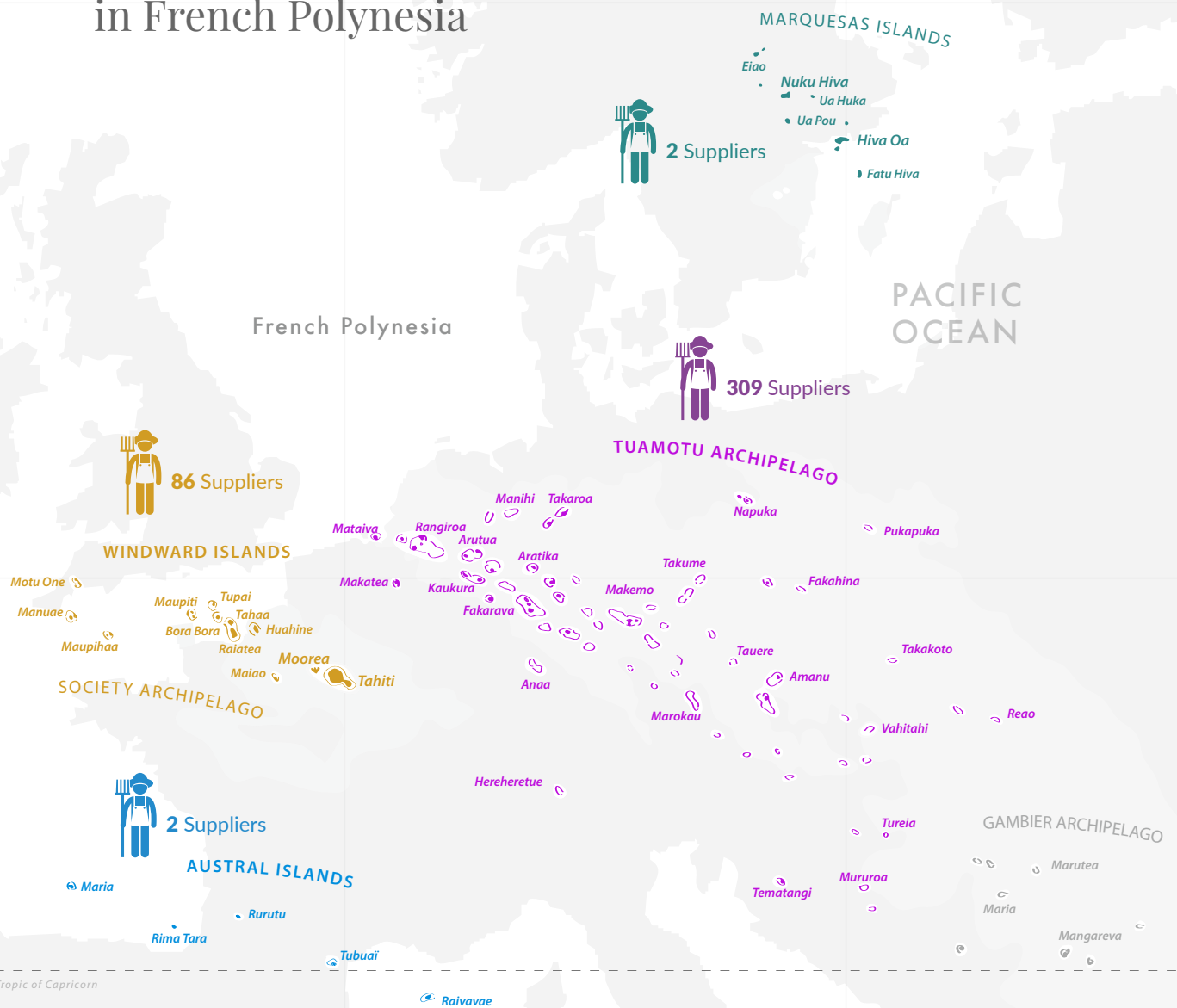
- Acquisition of a biofuel storage tank and pump
- Installation of solar panels, to help make the company energy-independent
- Construction with a wood framework rather than a metal one, so as to decrease the carbon footprint of new construction
- Use of composting bins to develop our capacity to manage our organic waste and recover additional value from waste

All these initiatives are expected to help achieve the company's goal of carbon-neutral production, contributing to a clear reduction in energy consumption and use of fossil fuels, thereby helping the majority of our operations to become energy independent.





## Distribution of suppliers in French Polynesia



## Tahiti – French Polynesia



## Metropolitan France







# A Quarter Century of Beauty

1992 - 2017



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