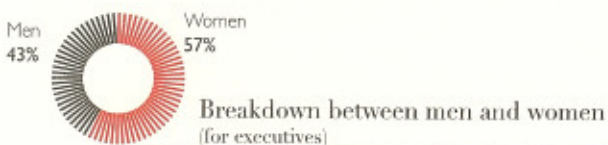
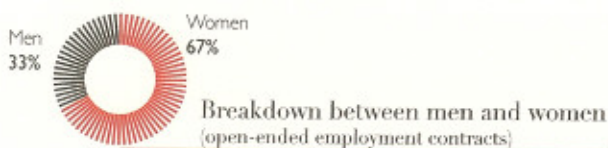


In line with its policy to limit the development of precarious employment, Clarins has continued to reduce its recourse to temporary personnel. After declining 19% in 2003, the number of temporary employees declined a further 10% in 2004. In 2004, for all French companies, an average of 36 temporary employment contracts was signed.



Training

Reflecting the Group's policy of providing employees with opportunities to develop and reinforce their skills and expertise, 2.1% of payroll was devoted to training in 2004. This allocation is considerably higher than the 1.6% rate required by law. In 2004, 394 employees benefited from training.

Internal mobility

Recruitment trends adhered to the Group's policy of the last five years. Nearly 46% of the opening positions through open-ended contracts (excluding plants) were filled through internal recruitment in France, allowing employees to diversify into new areas and levels of responsibility. Internal recruitment also constituted the preferred solution in the foreign subsidiaries, notably to fill senior management openings.

3. Environmental impact

In compliance with French reporting requirements Clarins Group also publishes environmental impact indicators for the second year. These indicators stand for the period ended December 31, 2004 and concern all Clarins administrative, production and logistics sites located in France.

Environmentally responsible use of raw materials

A pioneer in the use of natural ingredients in the service beauty, for 50 years Clarins privileged the use of plants in its products. However, even if nature offers inexhaustible resources, their

virtues are not easily identified. Using its cutting-edge technologies, Clarins regularly enhances its expertise in aromatherapy and phytotherapy. Its laboratories work on every part of the plant (the leaf, flower, branch, root, etc.) to discover new properties that are immediately exploited to further improve products. To ensure the long-term availability of natural resources, Clarins prefers to use cultivated plants. Accordingly, when identifying new species, the laboratories comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), as well as the Rio de Janeiro convention on biodiversity.

In 2004, 3,500 tons of raw materials were used in the production of cosmetics.

Rigorous consumer safety standards

Consumer safety is also a major priority of Clarins. For this reason, adopting the principle of precaution, Clarins has prohibited the use of derivatives of animal origin (collagen, lanolin, etc.) in the production process.

Clarins stopped testing on animals more than 15 years ago. These tests are now replaced by *in vivo* and *in vitro* testing on various cellular models (keratinocytes, fibroblasts, melanocytes, adipocytes) to evaluate the safety and effectiveness of products before they are introduced on the market. In this way, research teams conduct toxicity and performance tests on the active ingredients and finished products in the cell culture laboratory. This research is completed by *in vivo* studies to evaluate the tolerance, performance and acceptability of products for a target panel chosen according to precisely defined criteria of eligibility. Tolerance trials are conducted under the supervision of dermatologists. Performance tests used to recognize and approve methods make it possible to measure cutaneous modifications caused by the products.

To prevent any risks to consumers and the environment, Clarins requires its suppliers to provide a safety evaluation certificate confirming the maximum dosage for each product category for which the ingredients can be used without risk.

Clarins procedures assure product traceability and recall capability for three years. Through the batch number and planning, the Amiens logistics platform is capable of meeting this requirement for products up to the distribution center of foreign subsidiaries.

In France, every retailer distributing Clarins products is responsible for assuring their traceability. Every foreign subsidiary is also responsible for tracking products up to the point of sale.

No product recalls have been registered by Clarins in 2004. Finally, in compliance with new European legislation, labelling now indicates how long products may be used once opened.

Promoting the recycling of packaging

For several years, the Group has taken a number of measures to prevent the use of substances difficult to recycle in packaging (minimizing use of heavy metals, eliminating PVC). For this reason, Clarins prefers the use of glass that is easier to recycle. For example, Glass packaging has been preferred for the Multi Intensive line development.

As a member of Eco-Emballages, an organization responsible for recycling household packaging waste by industrial companies, Clarins has carefully studied every component used in its packaging to minimize weight and facilitate recycling (by for example extending packaging life cycles through the use of refills).

Water and energy conservation

Materials used in production are regularly controlled to maximize energy conservation. Particular attention is paid to cleaning procedures to minimize energy consumption and use of detergents.

Water and energy consumption

	Unit	2003	2004
Water	m ³	64,931	50,822
Electricity	MWh	8,382	10,099
Gas	MWh	11,183	11,509
Fuel	MWh	83	112

Air emissions

The Group's industrial activity does not generate greenhouse gas emissions. The CO₂ released by the factories is limited to emissions from gas-fired boilers used to heat installations. In 2004, quantity CO₂ emissions totalled 1,952 tons versus 2,065 tons in 2003.

Regular improvements in waste management techniques

All waste originating from Group laboratories, industrial operations or logistics is subject to strict waste management procedures. After being collected, selected and sorted, it is processed through appropriate channels to be recycled into environmentally inoffensive materials.

All Group production sites (Pontoise, Strasbourg and Amiens) sort hazardous industrial (solvents, alcohol, inks...) and nonhazardous waste (cardboard, plastics, glass, metal, wood, etc.) to optimize the recycling process. Measures are undertaken to assure that employees are regularly informed about and aware of the importance of the selected sorting systems. The percentage of recycled, reused or incinerated waste is continually increasing as efforts to identify disposal outlets best adapted to new waste are ongoing. In 2004, more than 99% of Group industrial waste was recycled (91% in 2003).

Waste management (in tons)	2003	2004
Nonhazardous industrial waste	302	334
Hazardous industrial waste	1,991	1,946
Storage	214	20
Energy recovery	875	1,152
Recycling	1,204	1,108
Percentage of recycled waste	90.7	99.1

4. Secure production and logistics sites

Clarins Group has two industrial plants in France located in Pontoise and Strasbourg which assure all production and a logistics platform in Amiens which supplies the 20 distribution subsidiaries and the exclusive agents.

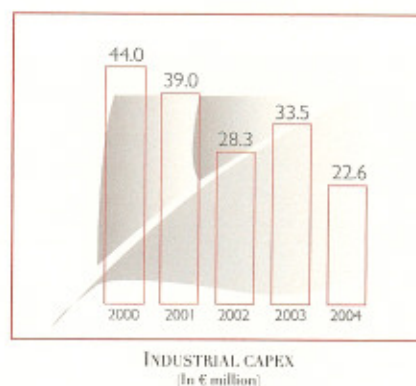
The presence of industrial sites in France reduces and facilitates the management of their environmental impact. For example, Clarins production and logistics sites are subject to, laid out and operated according to French environmental regulations (*Installations Classées pour la Protection de l'Environnement or ICPE*). When the sites are built, all measures are taken to integrate installations in their environment and limit their visual impact.

Group production sites are located in industrial parks where there are no or few residential areas. In consequence, no incidents of noise and olfactive disturbances have been recorded to date.

Installations are physically separated so that the adverse effects of an accident or fire, eventually occurring at one of the sites, are not expected to have major consequences.

In effect, there is no risk of simultaneously losing stocks of packaging articles, production facilities and stocks of finished goods.

The existence of buffer stocks, combined with the responsiveness of our suppliers and use of outsourcing ensure that we are capable of rapidly responding if an accident were to occur at one of the facilities. For these reasons, risks of major industrial accidents would appear, except following exceptional occurrences, to be correctly managed.



Pontoise assures production for all Clarins skin care and make-up products, "bath lines" and derivative products for Azzaro and Thierry Mugler brands

The Pontoise plant houses not only storage facilities for raw materials and packaging components, production and packaging facilities but also the research and development centre. Products manufactured at Pontoise do not involve the use of hazardous materials.

In 2004, the site had a staff of 412 and manufactured 178.5 million units.

This site, in accordance with applicable zoning requirements, is equipped with all resources to meet safety obligations: fire detection, intrusion protection, sprinklers, building security personnel. In addition, because the site is bordered on both sides by a local road system, the risk of the spread of fire is limited. Security audits are periodically conducted at this site, which is regularly upgraded as protection methods improve.

The Strasbourg plant centralizes all Group alcoholic production

In 2004 the modernisation of the Strasbourg site was completed. An investment of more than €7 million was devoted to upgrade and enlarge the plant to ensure the entire perfume production for the Azzaro, Thierry Mugler, Clarins and Stella Cadente brands. New tanks with a capacity of 500,000 litres of perfume and 5 fully automated filling stations now ensure an annual capacity of 45 million units (excluding samples).

In 2004, this plant had a staff of 136 and manufactured 32.7 million units.

Because significant quantities of ethyl alcohol are used, the Strasbourg site is subject to a special regulatory authorization. The storage, moving, handling and use of products considered as hazardous or pollutants and solid or liquid waste are carried out in separate impermeable areas in order to recover eventual leakage and runoff water. The storage of flammable materials and the preparation of perfumes are assured in premises that are separated and properly equipped (gas detectors, explosivesimeters, sprinkler systems, etc.).

The Amiens logistics platform distributes Group products worldwide

The Amiens logistics platform with a staff of 117 assures storage for all finished products manufactured at the Pontoise and Strasbourg plants, dispatches these products to the 20 Group subsidiaries and exclusive agents and makes direct deliveries to perfumeries and department stores in certain European countries. A few subsidiaries such as those of Switzerland Singapore or Dubai in turn redistribute these products to agents servicing neighbouring markets. The other subsidiaries have warehouses that manage sourcing for local points of sale and the assembly of promotional kits.

In compliance with zoning requirements, Amiens is equipped with the most advanced security systems.

Loading and unloading areas used by vehicles transporting liquids that could create a risk of water or ground pollution are leakproof and designed to be able to collect any accidental spills.

5. Optimised sourcing management

To limit sourcing risks, the Group works with more than 400 suppliers regularly audited to assure their reliability, and uses as many as 900 ingredients (surface-active agent surfactant, emulsifying agents, vegetal oils, testers, etc.) in the manufacture of its products.

The Clarins Laboratories usually have at least two different suppliers for the more important ingredients in addition to a stock of approximately two months.

For certain raw materials provided by a single country, larger stocks are maintained. Because most supplies originate from European countries, it is possible to meet production and component needs on a just-in-time basis.

Goods for the beauty and perfume activities consist principally of raw materials (active ingredients, the perfume "juice", powder, etc.) and packaging materials. The Group uses subcontractors for some make-up products.

Concerning the Perfume Distribution activity, the Group purchases finished products from companies holding the brands, with the exception of value sets that may be assembled by its subsidiaries.

For promotional materials, it works with a number of companies specialized in the production of point-of-sale articles (show cards, bags, pouches, displays, etc.).

The Group's 40 top suppliers provide 57% of raw materials and packaging articles. In consequence, there exists no supplier dependency that could constitute a risk to production continuity.

Key Group suppliers

Raw materials	Packaging articles
Quest	Auriplast
Charabot	Rexam
Sederma	Airless Systems
SACI-CFPA	Valois
Firmenich	Saint-Gobain Desjonquères
IFF Limited	Pochet
SEPPIC	Alcan Packaging Cebal
Univar	Verreries de Masnières
SILAB	LGR Nortier Emballages