

ENVIRONMENTAL SUSTAINABILITY POLICY



CHANEL
SUSTAINABILITY

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INTRODUCTION

At Chanel, we believe in a future where nature and business can thrive together. To this end, we are committed to reducing the impact of our activities and operations on the environment, while advancing regenerative practices and a just transition to net-zero.

PURPOSE

This policy outlines our approach, commitments and expectations for managing material environmental sustainability impacts, risks and opportunities for Chanel.

SCOPE

The policy is a commitment of the Chanel Group ('Chanel'), which includes Chanel Limited and the entities directly or indirectly controlled by it, and governs its environmental sustainability practices, operations and business relationships.

We encourage and support our suppliers and business partners to uphold the same commitments and collaborate closely to share and promote best practices and advance progress.

OUR APPROACH AND PRIORITIES

Our approach to environmental sustainability is founded on an understanding of the impacts, risks, and opportunities related to our value chain, including our business activities and operations. We conduct double materiality assessments – which means that we measure both the impact of our operations on the environment, people and society ('impact materiality'), as well as the impact of environmental and social issues on our financial performance ('financial materiality') – to identify material impacts, risks and opportunities. We deepen our understanding through ongoing consultative processes with external stakeholders such as technical experts and non-governmental organisations ('NGOs'). We will review these double materiality assessments every three years to ensure our priorities are focused on the most material areas.

Our work is focused on the following areas:

Restoring Nature and Climate

Climate change mitigation

We prioritise reducing our impacts on climate. Our Net-Zero 2040 ambition is based on targets validated by the Science-Based Targets Initiative¹ and is detailed in our Climate

¹ The Science Based Targets initiative (SBTi) is a collaborative effort by CDP, World Resources Institute (WRI), World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) that guides companies and financial institutions in setting ambitious, science-based greenhouse gas (GHG) emissions reduction targets.

Transition Plan. Each business activity, region and function is responsible for developing and implementing net-zero roadmaps for scopes 1, 2 and 3 emissions.

Climate change adaptation

We continue to implement, where relevant, a response to climate change risks. To assess physical risks and transition risks and opportunities, we use the framework deployed by the Task-Force on Climate-related Financial Disclosures.²

Water consumption, emissions to water, and biodiversity and ecosystems

Water consumption, emissions to water, and biodiversity and ecosystems are priorities, where we commit to:

- monitoring and reducing, when material, our water consumption with a particular focus on high water-stressed areas;
- monitoring and reducing our emissions to water;
- understanding our impact and, when applicable, preserving and restoring biodiversity and ecosystems.

For each priority area we conduct macro-assessments of impacts from across our value chain following the methodology of the Science-Based Targets Network. The results of these macro-assessments inform the design of business activity action plans, where relevant, which take into consideration local context and prioritise action on areas where resources are scarce, and impact is higher.

Resource Use and Circularity

Resource use

We aim to reduce volumes of primary raw materials and, where feasible, switch to secondary materials. We map and quantify our materials, inflows and outflows on an ongoing basis, reducing inflows where feasible, and managing outflows responsibly.

Circularity

We commit to advancing opportunities to improve the circularity of our materials, products and spaces through lower-impact raw material sourcing, product preservation, circular business models and circular design. We use Life-Cycle Assessments (LCAs) to evaluate trade-offs and drive decision-making.

Activity-Specific Material Topics

Additional topics material to specific business activities are monitored and managed at the business activity level according to applicable legislation. These include the use of substances of concern and the potential presence of microplastics in water streams.

² The Task Force on Climate-related Financial Disclosures (TCFD) was a body established by the Financial Stability Board (FSB) in 2015 to improve reporting of climate-related financial information.

Collective Action

Across our business activities, regions and functions, we closely collaborate with our suppliers and business partners. In addition, we collaborate with technical experts, NGOs, academic institutions, industry peers and other stakeholders to advance responsible environmental sustainability practices, refine our environmental sustainability approach, and drive collective action.

IMPLEMENTATION

We have adopted a phased approach to implementation, based on materiality, strategy and scale. We take rigorous action to advance our priority focus areas and to continue embedding environmental sustainability into our practices, operations and business relationships.

Our Environmental, Social and Governance ('ESG') due diligence process aims to continuously identify, mitigate and account for sustainability risks across our value chain. The process follows the latest legal and regulatory requirements as well as international standards and frameworks. Further details are outlined in our ESG Due Diligence Policy.

Each business activity, region and function leads its own environmental sustainability roadmaps, aligned to our global frameworks and priorities.

The Chanel Ethics Helpline provides employees and third parties with a confidential and secure way to report compliance concerns including potential and actual breaches of legal, ethical or sustainability standards. The Ethics Helpline is hosted by a third party and is available 24 hours a day, seven days a week in over 20 languages, and can be accessed via desktop, telephone and mobile devices.

ENGAGEMENT, MONITORING AND REPORTING

This policy is published on Chanel's intranet, MyCHANEL, and training is conducted with employees that have specific implementation responsibilities.

Ongoing monitoring against the provisions of this policy are the responsibility of our Global Sustainability team and Responsible Supplier Programme team, in collaboration with relevant leads across business activities, regions and functions. Oversight and ultimate responsibility for the implementation of this policy sits with the Global Chief Sustainability Officer.

We follow a continuous improvement approach by reviewing and gradually incorporating additional metrics to help improve our performance and drive change guided by our House Sustainability Ambition.

Our external reporting is made available in Chanel Limited's annual reports. We also prepare submissions to CDP,³ incorporating the requirements of the Task-Force on Climate-related Financial Disclosures, and to sectorial initiatives relating to our business activities.

This policy is formally reviewed every two years and may be updated in the event of

³ CDP is a global non-profit leading an independent environmental disclosure system for companies, capital markets, cities, states and regions to manage their environmental impacts.

significant change in Chanel's priorities or based on an updated review of environmental sustainability impacts, risks and opportunities and the operating and regulatory environment.

GOVERNANCE

Sustainability is a key factor in decision-making across our organisation, from the Board of Directors ('the Board') of Chanel Limited – the parent company of the Chanel Group – through to the Executive Committee and their teams. The Board oversees Chanel's environmental sustainability impacts and sets the high-level environmental sustainability ambition and strategy, on recommendation by the Executive Committee.

The Executive Committee is responsible for developing Chanel's global framework to identify, assess and monitor sustainability-related risks and opportunities, set global targets and implement action plans, and the Board oversees this. The Executive Committee regularly discusses sustainability topics, both in plenary and through its sub-committee, the Sustainability Decision Forum, to ensure that sustainability considerations are aligned with the global framework and embedded into business activities. The Sustainability Decision Forum includes the Global Chief Executive Officer, Global Chief Financial Officer, Global Chief Legal Officer, Global Chief Sustainability Officer and representatives from business activities and regions.

Each business activity, region and function leads its own sustainability initiatives aligned to Chanel's global frameworks and policies, ensuring relevant actions are taken to achieve Chanel's broader sustainability goals. Presidents of each business activity and region make decisions for their respective areas, supported by dedicated sustainability experts and relevant functions. Relevant functional leaders across the organisation (such as Sustainability, Finance, Legal and Procurement) are responsible for integrating the policy into their remit, as appropriate.

The Sustainability Leadership Team, made up of senior sustainability experts across Chanel and led by the Global Chief Sustainability Officer, leads global sustainability strategy development and oversees advancement of Chanel's House Sustainability Ambition. This includes supporting the integration process of this policy through overarching coordination and technical assistance.

The Sustainability Decision Forum reviews Chanel's performance against its environmental sustainability-related plans. It also reviews sustainability-related disclosures before they go to the Audit Committee of the Board and the Board. The Board oversees Chanel's progress and performance, and regularly receives reports on progress across Chanel.

This policy has been validated by the Sustainability Decision Forum and the Audit Committee of the Board and approved by the Board.

RELATED CHANEL DOCUMENTS

- Responsible Procurement Policy
- Our Ethics
- Environmental, Social and Governance (ESG) Due Diligence Policy
- Social Sustainability in the Value Chain Policy
- Climate Transition Plan

REFERENCE DOCUMENTS

Associated standards, frameworks and technical guidelines to which this policy is aligned:

- [Science Based Targets initiative \(SBTi\)](#)
- [Greenhouse Gas Protocol](#)
- [Science Based Targets Network \(SBTN\)](#)
- [The Task Force on Climate-related Financial Disclosures \(TCFD\)](#)
- [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#)