

SOCIAL SUSTAINABILITY IN THE VALUE CHAIN POLICY



CHANEL
SUSTAINABILITY

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INTRODUCTION

At Chanel, we believe everyone within and beyond our House should be treated with dignity and respect and should have the opportunity to thrive. To this end, we are committed to respecting internationally recognised human rights while taking action to advance positive social outcomes and opportunities for workers and communities throughout our value chain.

PURPOSE

This policy outlines our approach, commitments and expectations for managing material human rights and social sustainability impacts, risks and opportunities across Chanel's value chain.

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 social sustainability in the value chain 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 social sustainability is founded on an understanding of the impacts, risks and opportunities related to our value chain. 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.

Respecting Human Rights

We recognise our responsibility to respect human rights in our own operations and in our value chain. For the value chain, this responsibility applies to:

- the people employed by our suppliers and business partners in our upstream value chain, and our downstream value chain, including contract or agency staff
- the people living and working in the local communities where we operate, source raw materials or support sustainability-related projects.

Our commitment is grounded in the framework of internationally recognised human rights set out in the International Bill of Human Rights, the International Labour Organisation ('ILO')'s Declaration on Fundamental Principles and Rights at Work and the ILO's eleven fundamental instruments.

This includes material social risks linked to our value chain, such as health and safety, discrimination and forced labour risks.

Ensuring respect for and helping to elevate women is part of Chanel's 'DNA'. Consequently, we place special emphasis on respecting and promoting the rights of women, as outlined in the United Nations ('UN') Convention on the Elimination of All Forms of Discrimination Against Women.

We conduct business in compliance with local law, rules and regulation and internationally recognised human rights standards. In the event of a conflict, Chanel will strive to work with relevant stakeholders to find an alternative solution that balances legal requirements and international human rights protections.

Advancing Positive Social Sustainability Impact

Building on this foundation of respect for fundamental human rights, we take targeted action to proactively advance positive outcomes and opportunities for workers and communities throughout our value chain, and prioritise three positive impact areas:

- Socio-economic resilience
- Safeguarding and advancing knowledge, skills and savoir-faire
- Local community development.

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 social sustainability practices, refine our social 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 areas of focus and to continue embedding social 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 including the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and relevant sectorial guidance. Further details on our ESG due diligence process are outlined in our ESG Due Diligence Policy.

Each business activity, region and function leads its own roadmaps for social sustainability in the value chain, aligned to our global frameworks and priorities. This includes our three priority areas for advancing social sustainability impact for workers and communities throughout our value chain.

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 leaders across business activities, regions and functions. Oversight and ultimate responsibility for the implementation of the policy sits with the Global Chief Sustainability Officer and the Global Chief Financial Officer.

We regularly report on our social sustainability performance and our impacts, risks and opportunities related to our value chain through various channels including Chanel Limited's annual reports and our Modern Slavery Statement.

This policy is formally reviewed every two years and may be updated in the event of significant change in Chanel's priorities or based on an updated review of social 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 social sustainability impacts and sets the high-level social 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 plans related to social sustainability in the value chain. 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
- Environmental Sustainability Policy
- Modern Slavery Statement