

# CHANEL

## MODERN SLAVERY STATEMENT

### OUR BUSINESS

CHANEL was established in Paris 1909 by Mademoiselle Chanel as a luxury brand selling luxury fashion. CHANEL is an independent company that creates, markets, distributes and sells luxury Fragrance & Beauty products, Fashion products (including Haute Couture, Accessories and Eyewear) and Watches & Fine Jewellery. Today, the house of CHANEL operates across 70 countries worldwide.

The CHANEL brand is dedicated to creating innovative and desirable products of the highest quality and finest craftsmanship. It invests in the excellence of its products and favours a long-term vision to ensure its longevity. A large proportion of its products are manufactured at in-house facilities in France as well as with select third party partners. Our supply chain includes the sourcing of raw materials across all three divisions of the CHANEL business, the purchase of components for the products of the three divisions and subcontracting activities for manufacturing operations, as well as the purchase of non-sellables such as packaging, presentation and advertising materials.

### OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

CHANEL is strongly committed to conducting its business in compliance with all applicable labour and employment-related laws, rules and regulations of every location in which we do business and across our supply chain, including, but not limited to, laws, rules and regulations relating to wages and hours worked, equal employment opportunity, discrimination, immigration and work authorisation, privacy, collective bargaining, and child prison and forced labour. Our code of conduct *Ethics@Chanel*, provides the global ethical principles for all CHANEL employees which reflect our core values and qualities.

The Fragrance and Beauty division requires all suppliers to sign up to a Supplier Ethical Charter that specifically calls on partners to comply with all international obligations and principles relating to Human Rights, while also referencing International Labour Organization core conventions governing forced and slave labour. In the Watches and Fine Jewellery division, CHANEL is certified by the Responsible Jewellery Council ("RJC") and complies with the ethical principles of the RJC, including the Kimberley process for diamonds. Our Supplier Ethical Charter is currently being updated following the implementation of *Ethics@Chanel* and, going forward, all of the suppliers of CHANEL's three divisions will be asked to sign up to this, and, in connection with the audits that are and will be performed on our suppliers, be required to continually improve their processes.

## **DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING**

We carefully select our suppliers and business partners and maintain business relationships with those who share our commitment to high ethical standards. CHANEL expects its suppliers and business partners to comply with applicable laws, rules and regulations and our policies relating to the prevention of human rights violations set out above. We have taken the following steps to assess, mitigate and manage any risk that our supply chain may use forced labour, slavery and human trafficking:

1. We have started to structure our Supplier Excellence Program (SEP), which includes a defined governance structure and operating model with an implementation plan over the coming years in order to ensure compliance with all applicable laws, rules and regulations and our own internal policies relating to the prevention of human rights violations. This starts with the careful selection with appropriate due diligence of our business partners and the carrying out of a robust risk assessment to determine potential high risk suppliers for all sourcing categories.
2. The implementation of our Code of Conduct, Ethics@Chanel throughout our organisation globally requires all CHANEL employees to represent the integrity and ethical standards of CHANEL when dealing with our business partners in general and our suppliers in particular. We have begun training and raising awareness of such issues through Ethics@Chanel training sessions globally.
3. The on-going implementation of an Audit Program which includes physical audits to monitor our key suppliers based on their risk profile.
4. A gradual roll out of contractual clauses in all of our agreements requiring our suppliers to adhere to all applicable laws, including those on forced and compulsory labour, including the Modern Slavery Act 2015.

In addition, we partner with various reputable organisations on these issues including the World Business Council for Sustainable Development, BSR and the RJC, to provide assurances regarding the robustness of our approach, in particular with regard to the audit standards in order to ensure that it is in line with industry practices.

## **SUMMARY**

CHANEL's commitment to compliance with applicable laws and in particular labour laws and the prohibition of the use of forced labour is an ongoing process. The steps described above form part of a long term programme to tackle all of the risks encountered in our supply chain, including the issue of forced labour. We recognise that the complexity of our global supply chain will require our ongoing commitment to continually monitor and find ways to improve our global supply chain in order to achieve this long term goal.

In addition, as part of our Supplier Excellence Program we are and will be working on:

- traceability for all of our strategic raw materials
- greater collaboration with all of our suppliers and other stakeholders to address issues along the supply chain
- a gradual roll out of global risk assessments for all purchasing categories
- more globally integrated governance of our supply chain risk approach to ensure coherence and consistency
- the global roll out of our supplier audit programme across all three divisions within CHANEL.

Approved by the Board of Directors of Chanel Limited on 27 April 2017 and signed on its behalf by:

Olivier Nicolay  
Managing Director

A handwritten signature in black ink, appearing to read "O. Nicolay".