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# CHANEL

## MODERN SLAVERY STATEMENT 2025

2024 FINANCIAL YEAR

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### 1. REPORTING ENTITY

This statement is made by Chanel (Australia) Pty Ltd – ACN 000 012 153 (Company) in accordance with the Company's obligations under the Modern Slavery Act 2018 (Cth) for the reporting period 1 January 2024 to 31 December 2024.

### 2. INTRODUCTION

For over 100 years Chanel has prioritised respecting and investing in the people behind our Brand. We believe everyone, within and beyond our House, should be treated with dignity, respect, and have the opportunity to thrive. This philosophy is an integral part of our broader House Sustainability Ambition, which combines our social and environmental priorities where we can have the greatest positive impact.

From responsible sourcing and procurement practices through to helping partners strengthen their labour management practices, we prioritise respecting and protecting human rights.

In our annual Modern Slavery Act Statement, we set out our approach to prevent and mitigate occurrences of modern slavery<sup>1</sup>, human trafficking<sup>2</sup>, forced labour<sup>3</sup> and child labour<sup>4</sup> across our business and value chain.

This report focuses on our actions and progress in the 2024 financial year, aiming to ensure that modern slavery is not occurring in our own business or supply chains.

### BUSINESS AND VALUE CHAIN

Chanel Limited is a private company, headquartered in the United Kingdom (UK), and a leader in creating, developing, manufacturing, and distributing products of the finest quality and highest level of craftsmanship. Our core values are grounded in exceptional creation, commitment to excellence and striving to make a positive impact in the world. As of December 2024, Chanel employed over 38,400 people representing over 125 nationalities around the world.

Chanel operates through three main business activities: Fashion, Fragrance and Beauty, and Watches and Fine Jewellery. Throughout the House, we are dedicated to supporting our value chain. In our Fashion activities, we remain dedicated to the preservation of craftsmanship and savoir-faire, supporting manufacturers to preserve skills such as embroidery, lacework and shoe-making. In Fragrance and Beauty, CHANEL is one of the few brands in the world integrating every stage of perfume creation, from design to manufacturing. In our Watches and Fine Jewellery business, high jewellery pieces are crafted by hand in our own ateliers.

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1 As defined by the ILO

2 As defined by the ILO

3 As defined by the ILO No 29 on Forced Labour

4 As defined by the ILO Convention No. 138 on Minimum Age and the ILO Convention No. 182 on the Worst Forms of Child Labour

With operations across multiple geographies, CHANEL products are sold worldwide in over 600 owned boutiques and select wholesale channels of distribution.

Beyond our own operations, our value chain is focused on two pillars:

**Sourcing of raw materials and finished goods to manufacture our products (direct procurement).** The large majority of our direct suppliers are based in Europe, with many being small and medium-sized businesses.

- We have 2,000 partners working with our Fashion business.
- We have over 650 partners working with our Fragrance and Beauty business.
- We have over 400 partners working with our Watches and Fine Jewellery business.

**Goods and services for promotional, marketing, distribution and operational activities (indirect procurement).**

- Across business activities, Chanel partners with over 20,000 suppliers around the world. Services include construction, events, professional services, real estate and information technology contracts.

### **3. ENTITY STRUCTURE, OPERATIONS & SUPPLY CHAINS**

Chanel (Australia) Pty Ltd is an Australian Proprietary Company, registered on 4 July 1922 whose registered office is situated at Level 31, 100 Mount Street, NORTH SYDNEY NSW 2060. As at the end of 2024, the Company employed approximately 645 people in Australia, who work across the main office in Sydney, the distribution centre, and the retail network. The distribution centre is also based in Sydney, New South Wales and receives and dispatches Fragrance & Beauty, Fashion, Watches and Fine Jewellery products to our retail network and partners across Australia and New Zealand.

The Company operates 16 standalone Fragrance & Beauty boutiques, seven Fashion boutiques and two Shoe boutiques across Australia with presence in most capital cities. In addition, Chanel maintains strong, longstanding commercial partnerships with major department stores – Myer and David Jones as well as some independent retailers and travel retail operators.

The Company is a subsidiary of Chanel Limited, 00203669 (Chanel), incorporated in the United Kingdom.

The Australian subsidiary receives Chanel's finished products directly from France, Switzerland and Italy. This includes the products it markets, distributes and sells direct to its clients in Australia through its boutique network and through selected partners. In addition, it receives other non-selling items such as point of sale materials (tissue paper, carry bags etc.) and visual display materials from local and international vendors.

The Company works with local vendors for the provision of some goods and services such as shopfitters, architects, building and construction consultants, electricians, insurance brokers, law firms, uniform suppliers, visual merchandising supplies, florists, cleaners, printing companies, security, customs brokers, transport / freight, storage, uniforms, beauty supplies, media and advertising agencies, fleet car hire, hire car services, record keeping, hotel, accommodation and event room hire, locksmiths, jewellery repairers, bag repairers, clothing alterations and shoe repairers, IT solutions, landlords, event hire, talent agencies, labour hire agencies and stylists.

## 4. GOVERNANCE AND POLICIES

### GOVERNANCE ON SUSTAINABILITY ISSUES

Sustainability, including our continued commitment to ethical business, is one of Chanel's core performance drivers globally. Acting with integrity, while prioritising environmental and social issues, is just as important as our financial health, client engagement, people and leadership, and brand performance objectives.

The progression and measurement of sustainability and social initiatives are reviewed and discussed by the Executive Committee, Audit Committee and Chanel Limited Board level. Strategic discussions and performance updates on our broader sustainability transformation are tabled in these meetings as well. This includes annual updates on action plans by Chanel Limited Internal Audit and Responsible Supplier Programme (RSP) teams. More information on our RSP approach is on page 7&8.

Alongside these forums, a dedicated Global Compliance Committee, based in the UK, oversees our business ethics programme. This includes ownership of its development, governance and compliance with key policies pertaining to our internal code of conduct (Our Ethics) and responsible business conduct. The committee also reports on these issues to the Board. To further mitigate risk, the Legal and Business Ethics, People & Organisation, and Finance teams lead annual compliance risk reviews with each business and regional activity team. These reviews cover legal or ethical compliance issues, informed by our supplier audits.

We continue to improve our local and regional supply chain governance mechanisms as well. For example, in 2024, our teams in Asia launched the Koi Committee. This is comprised of regional senior leadership and key stakeholders working with our downstream supply chain partners, covering goods moving from manufacturing to consumers. This committee coordinates actions aiming to identify, prevent, mitigate and remedy any potential social issues in the region.

In Australia, a dedicated Indirect Procurement Manager, hired in 2023, continues to work collaboratively with the Executive Leadership Committee to advance our efforts towards eliminating risk of modern slavery practices in our supply chain and to strengthen supplier evaluation and due diligence processes. The following are examples of steps taken in 2024 to further strengthen Chanel's social and environmental sustainability governance in Australia:

- The Risk and Internal Control Manager position was onboarded in 2024 to further strengthen risk management, including risks relating to Human Rights and Modern Slavery.
- A dedicated Senior Manager leading Sustainability has been recruited to the Executive Leadership Committee, reporting directly to the Managing Director of Chanel Australia, working collaboratively with Executive Leaders to deliver Chanel's Sustainability Roadmap, including ambitions under the Social & Value Chain pillar.
- To embed social and environmental risk governance into Chanel's core business strategy in Australia, a dedicated Risk Committee was established in 2024, where relevant risks are tabled periodically. This is run alongside quarterly Internal Procurement updates, covering topics including supplier evaluation and due diligence processes.

### KEY POLICIES

There are two main overarching policies at Chanel designed to promote, implement and ensure ethical business practices. These are reviewed regularly to make sure they reflect current needs and anticipate future developments.

**Our Ethics:** Our internal code of conduct sets the framework and outlines our expectations for how we do business, guided by our fundamental values of respect, inclusion, integrity and responsibility. 'Our Ethics' was re-launched in 2023 in over 20 languages, designed as a practical guide to empower employees to act responsibly, do the right thing and strive for positive impact in all decisions. Our Ethics reflects our core values and expectations of compliance with applicable laws and regulations, including those relating to labour and employment-related laws, such as wages and hours worked, non-discrimination, immigration and work authorisation, collective bargaining, health and safety and privacy. To supplement this document and deepen knowledge of our policies and processes, Legal and Business Ethics teams delivered 190 in-person training sessions to over 6,000 people globally in 2024.

**Our Responsible Procurement Policy:** Beyond our own operations, the Responsible Procurement Policy sets out the standards Chanel expects business partners and suppliers to uphold on general compliance with applicable laws, rules and regulations related to all applicable labour and employment-related laws listed above. The policy also references the minimum requirements of the International Labour Organisation ("ILO")'s eleven fundamental conventions, the UN Guiding Principles on Business and Human Rights and other relevant reference standards.

## 5. DUE DILIGENCE PRACTICES AND PROGRAMMES

A robust approach to social and environmental due diligence enables companies to mitigate, address and monitor issues and risks across the value chain. At Chanel, the continuous improvement of our programmes is informed by the latest legal and regulatory requirements. Our approach is underpinned by international standards and frameworks, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Some examples of our commitment in action, from onboarding suppliers through to capacity-building programmes, are included below.

### INTERNAL COMPLIANCE

Compliance screenings of new suppliers are conducted by experts in our Finance, Legal and Business Ethics teams. These screenings assess a supplier's financial record as well as whether they are subject to sanctions, have connections with politically exposed persons, or have been involved in any criminal activities such as bribery or corruption. These screenings also check for any issues reported to regulatory enforcement bodies, as well as other reputational issues. In 2024, over 5,000 potential or new suppliers were screened globally.

In the event of an alert, the Legal and Business Ethics teams conduct deeper analysis to investigate the issue with support from external experts, where appropriate. This analysis includes review of reported instances of criminal or regulatory enforcement action, in addition to modern slavery, human rights violations, and unethical or illegal employment practices. Where alerts are confirmed, a decision is taken on whether mitigating actions can be implemented, or if engagement should cease. Alongside screenings, contracts with suppliers are reviewed so they reflect our expectations for adherence to responsible business practices. This includes integrating contractual requirements requiring compliance with all relevant laws and regulations, including those on labour laws, such as wages, working hours, child labour, forced labour, health and safety, non-discrimination and freedom of association, as well as anti-corruption and protection of the environment. Supplier assessments are one of the mechanisms we use to check these requirements continue to be met across the various countries in which we operate.



## RESPONSIBLE PROCUREMENT AND TRACEABILITY

Traceability is crucial to guarantee sourcing of exceptional quality, ensure fair conditions of production and manage risks posed to people in our value chains. We continue building our capability to trace materials at every stage, leveraging technology where possible. Examples include blockchain technology for textiles and mapping cosmetic raw materials. As of December 2024, 2,500 suppliers to our Fragrance and Beauty business have been mapped on the Transparency One platform. This spans 61 different countries across all tiers of the supply chain, with more than 22,000 raw materials and components included.

Beyond traceability, advancing responsible procurement of materials and external services is an important part of meeting our sustainability goals. Our Direct and Indirect Procurement teams consider both environmental and social issues in their processes. These include insights on human rights risks, tailored to specific purchasing categories. To advance collective progress, Chanel supports and builds the capacity of our suppliers to meet these standards too.

Within our Fragrance and Beauty business, Chanel continues to drive the Traceability Alliance for Sustainable Cosmetics (TRASCE) industry initiative, uniting cosmetic brands and suppliers to improve traceability of supply chains for formulas and packaging. The teams also launched an updated holistic sourcing strategy in 2024. Its pillars include excellence in purchasing practices, long-term partnerships and developing innovations to drive fair and resilient supply chains. Incorporating enhanced social and environmental due diligence, traceability and in-depth risk analysis, the impact of purchasing practices on suppliers globally are considered as well.

Our Laboratory of Fragrance Creation and Development has helped some of its suppliers achieve Fair For Life certification, as well as achieving this for its own production sites and processes. It had its Fair Trade certification renewed for another year for its own operations. Beyond this, teams continued field assessments to monitor action plans with suppliers.

Our Fashion business continues to implement stringent sustainability standards across its supply chain, from raw material sourcing to distribution centres. For raw materials, Chanel prioritises sourcing certified materials that meet internationally recognised standards, such as Fair For Life, in order to help ensure decent working conditions, fair wages and incomes. At the manufacturing stage, teams continue to work with the Global Organic Textile Standard (GOTS) certification, which requires compliance with social standards such as decent work, fair wages, and health and safety. Our global Fashion distribution centres and a growing share of our collections in 2024 use GOTS-certified materials, meaning these products come from fully GOTS-certified value chains. We also encourage our suppliers to obtain other types of certifications, such as workplace standard SA8000 or health and safety management standard ISO45001.

In our Watches and Fine Jewellery business, we use the five-step framework in the OECD guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs) to guide our approach to due diligence. Chanel also complies with the Kimberley Process, defined by the United Nations to eliminate trade of conflict diamonds, and the World Diamond Council System of Warranties (SoW). Since 2011, we have been certified under the Code of Practices standard of the Responsible Jewellery Council (RJC), and our certification was renewed in 2024 for a three-year period. As part of the certification process, company policies and practices are reviewed and audited by an external third party. As part of our continuous improvement process and to remain in line with the industry, we sit on the RJC Standards Committee and its board of directors. In 2024, we contributed to the development of the RJC's revised Code of Practices Standard and complementary Chain of Custody Standard, both of which strengthen human rights due diligence in supply chains and environmental requirements on climate and nature challenges.

## **6. UNDERSTANDING RISK IN OUR OPERATIONS AND SUPPLY CHAIN**

We recognise that Modern Slavery is a risk that can occur in any country, sector and segment of society, including in Australia. Risks include human trafficking, forced labour and child labour across supply chains. In an ever-evolving external context, we remain vigilant to established and emerging social and environmental risks.

### **SUPPLY CHAIN RISK ASSESSMENTS**

Our integrated risk management framework is mandated by our global Executive Committee and overseen by the Audit Committee of the Board. This framework examines and evaluates risks related to health and safety, environmental pollution, human rights, fraud and corruption, supplier activity and business relationships. This global analysis is conducted by country and sector on an annual basis. This approach is supplemented with more granular, local and sector-specific mapping, analysis and monitoring by Procurement and Sustainability teams across the House. These insights help address the complexity and local specificity of sourcing issues.

We undertake detailed social materiality assessments to identify and prioritise social issues that are most significant to a specific sector or geographical area, including on forced and child labour. These span reviews of our overall operating environment to feed into impact analyses, industry benchmarking, and evaluating key internal processes. All these elements form a risk and opportunities assessment, analysing the information gathered to map each impact on severity, likelihood, and the opportunities that we have to influence or address that impact. Alongside research, these assessments incorporate internal and external stakeholder interviews and collaboration with external experts. In 2024, several business activities and regions, including Fashion, Fragrance and Beauty, US, UK and APAC, conducted social materiality assessments. The outcomes of these analyses inform and are used to update the social sustainability roadmaps implemented by the teams, enhance the focus of social impact programmes for worker protection and wellbeing, and support the development of our internal learning plans on social issues in our value chain.

In parallel, the Fragrance and Beauty teams launched a dedicated human rights saliency assessment in 2024 – a method to prioritise the most significant risks, based on the UNGPs. These findings will contribute to refining programmes in 2025. It will align with similar assessments being conducted across Chanel for stronger clarity on global human rights priorities.

To complement our broader risk management approach, understand the root causes of specific social issues and identify adapted remediation issues, teams across the house regularly conduct Human Rights Impact Assessments (HRIAs) in a selection of our supply chains, with the support of external experts.

Beyond these processes, we consistently look at how tools and technology can increase efficiency. One example is the EcoVadis platform, leveraged by several regions and business activities to assess the robustness and maturity of our suppliers' sustainability management systems. In 2024, over 90% of our Fragrance and Beauty suppliers were assessed, with over 70% rated as 'advanced'. The teams have also updated risk analyses based on the Supplier Ethical Data Exchange Platform (SEDEX), with 100% of all traced manufacturing sites having a certified score. Regions including the US and UK will be scaling up usage of the EcoVadis platform in the coming year. 14 Australian suppliers were onboarded to EcoVadis during 2024.

## SUPPLIER ASSESSMENTS

We continue to build our engagement with partners and suppliers globally to ensure compliance with our environmental and social standards across the value chain. We have a Responsible Supplier Programme (RSP) team to undertake holistic assessments of suppliers and subcontractors across Chanel globally. The team assists the Direct and Indirect Procurement teams in auditing certain suppliers' and subcontractors' compliance with all applicable laws and regulations, international human rights standards, and standards outlined in Chanel's Responsible Procurement Policy.

To deliver these assessments at scale, the global RSP team provides the framework to ensure supplier assessments reflect specific risks at local and business activity levels.

Our supplier audits are structured based on four key pillars:

- 1. Environment:** assessing our suppliers' operational practices for preventing and reducing their water, air or soil pollution, waste management activities.
- 2. Social:** evaluating our suppliers' human rights practices. This includes, but is not limited to, reviewing worker working hours and wages, and verifying the absence of child labour, forced labour, or harassment and discrimination.
- 3. Health & Safety:** assessing our suppliers' safe working conditions for all.
- 4. Governance and Business Ethics:** reviewing our suppliers' compliance with local laws and regulations, including practices for anti-corruption, anti-money laundering, trade sanctions, conflicts of interest, and intellectual property.

In 2024, 648 on-site verification activities were conducted globally, including 504 full environmental, social and governance-related audits. Covering 28 geographical areas (the selection included one Australian supplier during 2024), the main sourcing focus areas included cosmetics, cutting and assembling, furniture and displays, glass, jewellery manufacturing, leather, metal, plastic, precious stones, printing, services, textiles, wood and paper.

On-site audits include facility inspections as well as worker interviews, documentation reviews, and discussion with the supplier's management teams. All results are shared with the supplier during a closing meeting to support constructive discussions. If needed, a corrective action plan to address the findings is required from the supplier and is evaluated by Chanel in order to assess the effectiveness of the remediation.

When appropriate, we also audit supply chains based on recognised external certifications. By the end of 2024, 26 supply chains working with Chanel's Laboratory of Fragrance Creation and Development had also been audited based on recognised certifications.

## GRIEVANCE MECHANISMS

Cultivating an environment of trust and openness, where everyone can raise any concerns, is a priority for Chanel. We take concerns seriously and prohibit any retaliation against anyone who in good faith speaks up or takes part in an investigation. Chanel employees are encouraged to raise issues directly to their manager, human resources representative, legal representative or compliance officer.

Our Chanel Ethics Helpline provides both employees and third parties a way to report breaches related to Our Ethics and underlying policies. This is available at a global and local level, and covers ethical issues related to areas such as working conditions and wellbeing in the workplace. The helpline is available in over 20 languages, and can be accessed via desktop, telephone and mobile devices. The option to report an issue anonymously is available in most countries, including in Australia and New Zealand. The helpline is administered by the relevant Legal Counsel of each region and, unless there is a conflict, the Global Chief Compliance Officer and delegate have access to all cases.

Each allegation is assessed and investigated in accordance with Chanel's internal investigation policy on a case-by-case basis. Each case is then followed up by the Compliance Committees. If an investigation confirms a reported allegation, the Compliance Committees make a recommendation to the relevant department to take appropriate disciplinary sanctions and/or corrective action. A summary of investigations (number and nature) is also reported at global level and discussed at the Global Compliance Steering Committee.

Any grievances at a local level are also dealt with in accordance with the relevant workplace and work health and safety laws.

## 7. ADVANCING SOCIAL IMPACT

Beyond our social and environmental due diligence, risk assessment and compliance processes, we support business partners to proactively address social issues and help communities around the world. We bring together private, public and civil society organisations to design social impact projects and programmes in our value chain. This allows us to equip partners with new solutions, expertise and put remediation plans into action. Some examples of how we do this globally include:



The Laboratory of Fragrance Creation and Development has been sourcing flowers from the Pays de Grasse for more than 40 years from the Mul family. This site was Regenerative Organic Certified® in 2024. 100% of the fields are cultivated using regenerative agriculture with respect for organic and soil health, while ensuring social equity for all employees on the farm. Chanel also continues to participate in Harvesting for the Future, an initiative in collaboration with the Fair Labor Association. Starting in 2023, it seeks to improve human rights and labour conditions in Turkey's rose sector, focusing on empowering seasonal agricultural workers and their families. It brings together a range of stakeholders, including the Turkish government, civil society organizations, processors, producers, and beauty and fragrance companies. The goal is to support and inform companies in establishing and advancing human rights due diligence systems in their supply chains.

In 2024, the Fragrance and Beauty business worked on a pilot project to explore the interconnection between gender equity and wages. A gender-sensitive fair wage framework was designed and used to develop a worker voice survey. The survey was deployed with a selected supplier reaching over 270 employees, with the findings used to craft remediation strategies. Alongside this, in 2023 the teams conducted a living wage study on the vanilla supply chain in Madagascar. The objective of the study was to gain a better understanding of the living conditions and specific needs of producers and other employees working in the industry. Based on interviews of 464 producers and surveys carried out in local markets, a living income for vanilla producers was defined. As a result of this study, in 2024 Chanel continued to ensure those workers are paid the established living wage, despite market liberalisation, supporting a decent standard of living for its 1,750 producers and their families.

We have also continued to work on social impact projects at the source of Chanel's green coffee supply chain to improve working conditions. This example is part of the Lab 8.7 action-research programme, created and piloted by the association Ressources Humaines Sans Frontières (RHSF) with Chanel as a participant. It was co-designed with the supplier and based on interviews with the community of coffee producers, their families, and other local institutional partners. In 2024, the programme brought together universities, high schools, young people, farmers and the Ministry of Agriculture in Costa Rica to provide youth education programmes on sustainable farming and how agricultural production can generate additional income.

During the past year, Chanel continued work with CHBM Consulting and Impactt to deepen pilot projects and relevant remediation programmes with packaging suppliers in Mainland China. This has focused on four key areas: social dialogue, health and safety management for all workers, responsible remuneration, and qualification of workers and recruitment. Comprehensive training, including practical exercises, helped one supplier build a more complete professional knowledge system. This has provided a solid foundation for subsequent work in future. In parallel, a remediation programme with a Tier 2 supplier helped the site strengthen overtime control requirements and reach 100% awareness of these across workers and managers. This progress will be further monitored and assessed in 2025.

## 8. TRAINING AND COLLECTIVE ACTION

### TRAINING INITIATIVES

An essential part of our commitment to respecting human rights is making sure we raise awareness and advance training on these issues. Alongside training associated with Our Ethics, we continue to provide further resources to buyers and teams across Chanel. During the year, training on modern slavery was delivered to indirect procurement and sustainability teams in the UK, with plans to roll the training out more broadly to other countries in future.

## PARTNERING FOR COLLECTIVE ACTION

Working with other companies, academic institutions, non-governmental organisations and others helps us challenge, refine and improve our social sustainability ambition and approach. We believe sharing knowledge, best practice and encouraging others to scale up action leads to better outcomes for workers and communities worldwide. Some examples of partnerships driving action within and outside of Chanel are:

- We have been part of the **Watches and Fine Jewellery Initiative 2030** since 2022. As a member of the Board, we work with more than 70 other members to focus on climate resilience, preserving natural resources and driving inclusion. In addition, we co-chair the Action Committee on “Fostering Inclusiveness”.

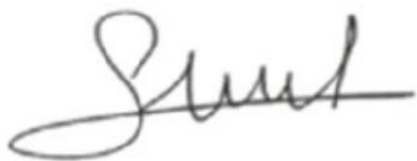
This group works to develop action plans and pilot programmes to address social challenges like human rights, inclusivity, and promotion of livelihoods in our value chains.

- We have an ongoing partnership with the **Fair Wage Network** to implement its Fair Wage approach across the value chain, from designing the appropriate methodology to providing suppliers access to expertise, data and tools.
- We have continued participation in **Shift’s Business Learning Programme (BLP)**, aimed at helping businesses strengthen their human rights approach. Chanel joined the BLP in 2020, working to inform and strengthen our approach to human rights due diligence.

## 9. LOOKING TO THE FUTURE

Across Chanel, we are committed to strengthening our social and environmental due diligence methodology and practices. Looking to the year ahead, we will continue leveraging insights from our social materiality and supplier assessments to refine our actions and roadmaps on social sustainability. This aims to ensure that our purchasing practices, training programmes, tools and resources are effective and can best support people across our value chain, now and in the future.

Approved by the Board of Directors of Chanel (Australia) Pty Ltd on 19th June 2025 and signed on its behalf by:



Lucie Juhel  
Managing Director  
CHANEL Australia & New Zealand



Laura Pope  
Chief Financial Officer  
CHANEL Australia & New Zealand

