

CHANEL

MODERN SLAVERY STATEMENT 2020

1. Reporting Entity

This modern slavery 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 2020 to 31 December 2020.

2. Introduction

Chanel's ambition is to continuously work in partnership with our suppliers to ensure that work and livelihoods are a source of dignity and respect.

We consider that we have a responsibility to make sourcing and purchasing decisions that contribute to the protection and the promotion of human rights, both with regard to our direct supplier relationships as well as with regard to the local communities in which we operate. We expect our suppliers to share that engagement and to continuously work towards improving their own activities and supply chains. In line with our focus on long-term value creation, our aim is not only to ensure that our suppliers comply with our human rights' due diligence standards, but also to help build their capacity to implement their own. We consider our close and often long-standing relationship as an essential asset to effectively drive social progress in our supply chains in the long-term.

In 2020, the analysis of the International Labour Organisation highlighted that the COVID-19 pandemic and the economic shockwaves in its wake have placed unprecedented pressure on working environments, employees, and their livelihoods throughout the world. It has spurred the erosion of basic labour protections and working conditions in both low and high-income countries, strengthening well-known factors of unacceptable conditions such as excessive overtime and underpayment. Moreover, some workers have been exposed to heightened risks as a result of their personal (e.g. gender, age) or situational (e.g. migration status, employment type) vulnerabilities.

This context reinforces the importance and relevance of upholding our values and reinforcing our commitments, as formalized in our own corporate policies. It also stresses the continued necessity of driving compliance with the basic laws and international standards which protect labour rights, including those set by the International Labour Organization (ILO) conventions and by the United Nations Guiding Principles (UNGPs) for Business and Human Rights. These principles continue to guide our reflection on adequate responses to the unprecedented challenges faced by our suppliers and their workers, now and in the aftermath of the pandemic in the years to come.

3. Entity Structure, Operations & Supply Chains

Chanel (Australia) Pty Ltd is an Australian Proprietary Company, registered on 4th July 1922 whose registered office is situated at 100 Mount Street, NORTH SYDNEY NSW 2060. At present, the Company employs approximately 470 people in Australia, who work across the main office in Sydney, the distribution centre, and the retail network. Our distribution centre is based in Eastern Creek, New South Wales and receives and despatches fragrance & beauty, fashion, watch and fine jewellery products to our retail network and partners across Australia and New Zealand.

We operate 15 standalone fragrance & beauty boutiques, 7 fashion boutiques and 1 shoe boutique across Australia with presence in most capital cities. In addition, we have 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, 629297883 (**CHANEL** or the **Group**), Incorporated in the United Kingdom.

Chanel is a private company and a world leader in creating, developing, manufacturing, and distributing luxury products (“Chanel”). Founded by Gabrielle Chanel at the beginning of the last century, Chanel offers a broad range of high-end creations, including ready-to-wear, leather goods, fashion accessories, eyewear, fragrances, makeup, skincare, fine jewellery, and watches. Chanel is also renowned for its Haute Couture collections, presented twice yearly in Paris, and for having acquired a large number of specialised suppliers, collectively known as the Métiers d’Art.

Chanel is dedicated to creating innovative and desirable products of the finest quality and to the highest level of craftsmanship. It invests in the excellence of its products and favours a long-term vision to ensure the longevity of the brand.

CHANEL is a brand whose core values remain historically grounded in exceptional creation. As such, Chanel promotes culture, art, creativity and “savoir-faire” throughout the world, and invests significantly in people, R&D and innovation. Chanel defines itself as an independent company that believes in the freedom of creation, cultivates human potential and seeks to have a positive impact in the world. At the end of 2020, Chanel globally employed close to 27,000 people in 70 countries worldwide.

Chanel’s Supply Chain

Chanel’s supply chain revolves around two pillars: “direct” procurement which includes the supply of raw materials, components and finished goods for the manufacture of products by its three product divisions (Fashion, Fragrance & Beauty and Watches & Fine Jewellery); and “indirect procurement”, which includes all other products and services used for the promotional, marketing, distribution and operational activities necessary to operate the company. The breakdown of suppliers for each of these areas is as follows:

- The Fashion division carries out 6 activities: Haute Couture, ready-to-wear, leather goods, shoes, fashion accessories and eyewear, and partners with over 2,000 suppliers, of which approximately 15% are direct suppliers (tier 1) mostly located in France and Italy.
- The Fragrance & Beauty division has over 600 suppliers, more than 50% being direct suppliers (tier 1) supporting its manufacturing activities as well as the sourcing of the 23 families of ingredients.
- The Watches & Fine Jewellery division which carries out 3 activities - watchmaking, precious jewellery and fine jewellery - has more than 300 suppliers, of which 20% are direct suppliers (tier 1), providing gold and other precious metals, diamonds, pearls and other gemstones across the world.
- Indirect Procurement is a central team set up in 2018 and dedicated to coordinating all indirect purchasing across the company. Activities include a broad range of areas from promotional, marketing, distribution, printing, and events organisation to maintenance, consulting, auditing, information technology contracts and equipment across the company. It partners with over 20,000 suppliers globally, of which 10% represent 80% of the spend.

Chanel's Australian Operations and Supply Chains

None of Chanel's products are manufactured in Australia. The Australian operations receive Chanel's finished products directly from Paris, France and Milan, Italy. This includes the products we market, distribute and sell direct to our clients in Australia through our boutique network and through selected partners. In addition, we receive other non-selling items such as point of sale materials (tissue paper, carry bags etc.) and visual display materials etc. from local Australian 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, uniforms, 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 and destruction, 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. Risk Assessment

Supplier Mapping and Raw Material Traceability

Traceability is an essential prerequisite for the implementation of risk management and an ongoing process given the complexity of certain supply chains.

For example, the Fragrance & Beauty division has selected the Transparency One platform to map its entire portfolio of raw materials and packaging components. This platform allows, through cascading

invitations, to onboard suppliers beyond tier 1 and to monitor previously defined indicators and implement a continuous improvement approach. This initiative, launched at the end of 2020, began with a pilot phase first involving two finished products, and later expanding to an entire range (12 products).

To date, 328 suppliers in total have been mapped (70 tier 1, 169 tier 2, 79 tier 3, 14 tier 4) and the 70 tier 1 suppliers were invited to connect to the platform. 185 manufacturing sites were referenced on the platform as well as 184 direct materials & components. The approach will be rolled out to the entire product portfolio in 2022.

Responsible Supply Chain Risk Management

Given that sourcing issues are often complex, local and specific in nature, as are the plurality of risks they can be associated with, the company has adapted its responsible supply chain risk management framework to the specificities of its three product activities (Fashion, Fragrance & Beauty and Watches & Fine Jewellery) and Indirect Procurement.

The different risk maps are based on a common methodology yet tailored to the specific issues of each of these divisions. This flexible risk mapping methodology allows the incorporation of feedback from audits and site visits, as well as regulatory and sectoral developments specific to each division or to Indirect Procurement. The risk mapping covers all suppliers with an established business relationship (tier 1) with Chanel, who are each required to provide extensive and in-depth information regarding the mapping of their upstream chain (tier 2 and up).

Each methodology incorporates the following core criteria:

- External risk, using international databases, indexes as well as internal expert knowledge, presenting risks by country and sector of activity to evaluate criteria such as health and safety, environmental pollution, respect of human rights and fundamental freedoms or corruption risk;
- Risk linked to the manufacturing activities, including business criteria such as dependency, spend with the supplier or percentage of purchase within a specific category to assess the importance of this supplier for Chanel;

At the end of 2020, Chanel commissioned an external review of its responsible supply chain risk management framework by an independent third party, to ensure that the methodology was adapted to the human rights risk profile posed to workers in the context of the pandemic. The third party issued recommendations to improve the framework, which were integrated into the methodology.

In order to review its internal operations and supply chains, with the help of the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, Shift, CHANEL convened functional leads from across the business to discuss and prioritise our salient human rights issues, including modern slavery risks, along with an action plan to address them. Certain raw material supply chains, including mica, gold, and precious stones, were considered as being of a potential risk of modern slavery practices. They

continue to be a focus for our supply chain responsibility efforts going forward through direct interventions and through our ongoing participation in multi-industry collaborative initiatives, including the Responsible Mica Initiative and the Responsible Jewellery Council (“RJC”) (CHANEL is certified by the RJC and complies with the ethical principles of the RJC, including the Kimberley process for diamonds).

Impact assessments have been undertaken, including on-site visits and qualitative interviews with farmers, suppliers, local stakeholders and other rights holders, to better understand the scale of the risk, its potential severity, remediability, and the leverage for CHANEL to influence it. Modern slavery risks are also systematically assessed on site by our responsible sourcing teams before and during the implementation of supply chain reinforcement projects, at the source of our key raw materials supply chains located around the world. We seek ongoing dialogue with stakeholders and experts to help guide us and support us in our human rights approach.

To further address and reduce the likelihood of these risks, and other potential risks of modern slavery practices in our operations and supply chains more generally, CHANEL has developed and implemented the actions and processes outlined in the next section.

As a leading luxury fashion house that is globally renowned, CHANEL recognises the important role it can play in tackling modern slavery practices and the business is committed to continuously improving its processes and practices to respond to potential modern slavery risks in its operations and supply chains, both in Australia and overseas.

Human Rights Impact Assessments

In addition to our responsible supply chain risk management framework at corporate level, we commission independent organizations to conduct in-depth Human Rights Impact Assessments (HRIAs) at the source of our raw material supply chains. For example, in recent years, our partners have conducted HRIAs in India and Madagascar, consisting of in-depth interviews with farmers, suppliers, local community representatives and other stakeholders to better understand the scale and severity of risks associated with working conditions. This has led to the re-design of our CSR programmes at the source of our supply chains, in collaboration with our producing partners, and to us joining a Multi Stakeholder Initiative (MSI) to leverage our influence to drive progress in the field. These programmes are still being implemented to date.

In 2020, we conducted an HRIA at the source of our green coffee supply chain, to assess labour-rights impacts linked to seasonal workers on plantations. This exercise was conducted in collaboration with our sourcing partner Alianza Campesina Flora Nueva and included interviews with coffee growers and their families, as well as with local institutional partners such as representatives of the International Office for Migration’s regional office and of the Costa Rican Ministry of Labour.

Targeted Impact Programmes

Chanel designs and implements targeted programmes to prevent and address structural human rights issues, including forced labour. They are designed and implemented with the support of external experts on socio-cultural and technical specificities of labour rights risks in specific supply chains.

For instance, in 2020 and with our partner, the NGO Human Resources Without Borders (“HRWB”), we moved forward with a comprehensive programme to help two of our strategic packaging suppliers in China reduce excessive overtime in their factory and improve their internal Human Resources Management system.

This 2-year programme consisted in:

- An ethnographic field study by HRWB’s team of the specific drivers of overtime on the factory premises, through a collaborative assessment with factory management and employees;
- The analysis and formalization of effective practices to reduce overtime;
- The reinforcement of a Human Resources management model within the factory.

The next steps of this programme will be to draft a guide on the drivers and mitigating factors of overtime in manufacturing contexts based on the teachings of the pilot programme, and to design an associated voluntary training module to be further deployed to a selection of our other suppliers in China.

Specific Risk Management Related to COVID-19

Throughout the pandemic, priority has been given to supporting and protecting people – from employees to business partners – by ensuring pay continuity without relying on government-sponsored employment schemes, and by maintaining a minimum level of orders to support our suppliers.

Moreover, the company developed and rolled out a specific robust financing plan and supplier risk management programme in certain parts of its supply chain. Aware of the potential repercussions of the closure of our sites and the drastic drop in our production volumes, we developed and piloted, in close collaboration with our suppliers, a tailored support plan with two objectives:

- Limit the loss of revenue to our suppliers resulting from the closure of our own sites so that they did not have to resort to risky financing solutions,
- Smooth out the orders to avoid peaks of (under- and over-) activity, a recognised risk factor for forced labour in our supply chain.

All buyers received legal training on force majeure and suppliers were closely monitored with regard to financial dependency indicators (drop in turnover and dependency rate) to be able to manage a number of support decisions on a daily basis: maintenance of commitments and firm orders, possibility of invoicing despite site closure (this option was activated by around 30% of our suppliers for a total amount of €16

million in the Fragrance & Beauty division), relaxation of payment terms, anticipation of orders with a guarantee that if orders were cancelled, the costs would be covered, as well as cash advances.

We believe that through these and other measures, we have managed to remain a supportive and collaborative partner to all of our suppliers during this particularly challenging period.

Finally, and as described further, we have developed new methodologies of audit throughout the pandemic to ensure that we maintained a presence and sufficient visits of our high risk suppliers. This will continue throughout 2021.

5. Control Measures, Due Diligence & Remediation Processes

Policies, Training & Governance

Policies

Chanel's commitment to respect human rights starts by conducting its business in compliance with all applicable laws, both globally and locally here in Australia. These include, in particular, labour and employment-related laws, rules and regulations of every location in which it does business and across its supply chain. Our internal code of conduct, Ethics@Chanel, provides the global ethical principles for all Chanel employees, reflecting the company's core values and expectations, including compliance with laws, rules and regulations relating to wages and hours worked, equal employment opportunity, non-discrimination, immigration and work authorisation, privacy, collective bargaining, and child, prison or forced labour.

Chanel's approach to partnering with suppliers is governed by its Responsible Sourcing Policy (the "Responsible Sourcing Policy") which sets out our expectations with regard to their compliance with applicable laws, rules and regulations. Acknowledging that local labour laws can sometimes be less stringent than the international standards that protect labour rights, the Responsible Sourcing Policy also references the minimum requirements of the International Labour Organization's four core conventions and other reference standards on issues such as forced and slave labour, the environment and anti-corruption.

Chanel's Responsible Sourcing Policy serves as a basis for a constructive dialogue with our suppliers on a shared ambition to continuously aim to protect and improve labour rights in our supply chains which complements the audits performed. Ongoing support is also provided to suppliers by trained professionals in the responsible sourcing and procurement teams.

Training

We believe in ongoing learning and development on the topic of protection of human rights, as insights develop and new best practice evolves.

Our employees have received continuous and regular training on the content of Ethics@Chanel, since 2015. It is also part of any new employee's onboarding plan.

In addition, several tools have been developed in-house to enable buyers to better understand human rights issues and thus leverage this knowledge in their exchanges with suppliers. In 2020, 240 buyers were trained across all divisions to use a short self-evaluation methodology developed by our auditing teams. This tool allows buyers to acquire the right reflexes to assess major health & safety, human rights or environmental risks during their supplier site visits. In addition, this evaluation assists buyers in progressively improving their purchasing practices, and to follow-up on post-audit corrective action plans, in partnership with our suppliers.

Furthermore, the Fragrance & Beauty division has developed and deployed a specific training course dedicated to the Responsible Sourcing Policy. This 18-month course is part of the onboarding journey for all buyers. The various modules and workshops cover the regulatory and legal environment, the Responsible Sourcing Policy itself and Fragrance & Beauty's Responsible Sourcing roadmap, with a dedicated focus on environmental, human rights and business ethics, as well as a toolkit for buyers. This training was extended to all the buyers of the Watches and Fine Jewellery division and will be further developed to cover the required skills for all our internal purchasing departments.

In Australia, the Company is planning to roll out specific training for senior executives in the future.

Governance

The Corporate Sustainability and Legal and Compliance departments are jointly in charge of developing the above policies and are supported in their deployment by specialist teams in the divisions and regions of Chanel.

At the highest level, the policies and their implementation are endorsed and reviewed by the Corporate Social Responsibility Committee (the "CSR Committee") and the Audit Committee of the board of Chanel Limited.

At a more operational level, an internal Sustainability Prep Committee brings together, on a quarterly basis, key representatives from the divisions, regions and corporate functions, to oversee progress on the company's strategic priorities for sustainability and make recommendations to the CSR Committee.

Sustainability audit committees at each divisional and regional level meet quarterly to review and take the necessary actions following the audits of the company's suppliers and partners, ensuring consistency and coherence in the company's approach to supplier auditing.

Once a year, Compliance risk reviews are organized with each division by Legal & Compliance, together with HR, Finance and other members of management. This review covers any regulatory or ethical issues

in the business and is informed in particular by the results of each of the division's sustainability audit committees' findings.

In September 2020, Chanel appointed a new Head of Human Rights to reinforce the expertise of the company on human rights, provide insight on emerging issues and identify potential risks in its supply chains globally. This new role is also in charge of helping to structure Chanel's human rights due diligence programme in our supply chains around the world.

Internal Due Diligence Process

Our internal due diligence process consists of the following elements:

- Roll out of our Responsible Sourcing Policy to suppliers across all divisions and regions with ongoing education and training of our buyers.
- Implementation of contractual compliance clauses as part of the procurement process by the Legal department, requiring third parties to comply with all relevant laws and regulations, and in particular those on wages, working hours, child labour, forced labour, equal employment opportunity, discrimination and harassment, freedom of association, as well as health & safety, anti-corruption or protection of the environmental.
- Compliance screening of our suppliers globally by the Finance, Legal and Compliance teams for financial solidity, sanctions, politically exposed persons, criminal activities and reputational/media issues. This screening is carried out on a risk basis for new suppliers of our three business activities. In 2020, we screened approximately 4,800 new or potential suppliers. In the event of an alert, a thorough analysis by the Legal/Compliance teams is conducted to validate the reason for the alert and, if confirmed and necessary, a recommendation is made to restrict or cease contact with the supplier or otherwise remedy the situation.
- A specific Indirect Procurement team created centrally in 2018, in charge of defining and updating the screening and onboarding guidelines for the company. They also ensure coherence in the implementation of the responsible sourcing strategy, together with the Legal/Compliance and Sustainability teams.
- A Responsible Sourcing Expert Team (ReSET), in charge of supplier audits at corporate level. The ReSET team is formed of seven Chanel internal auditors and thirteen external auditors which provide support on country-specific local regulation and socio-cultural norms. Auditors exchange regularly to ensure consistency in the audit approach and ranking, as well as to share lessons learned.
- Sharing knowledge and best practices across the three divisions and regions through the different sustainability committees, to guarantee consistency and coherence in the company's approach to supplier due diligence, risk assessment, monitoring and remediation.

6. Periodic Review of Effectiveness of Control Measures

Our external auditors and ReSET team are in charge of auditing our suppliers' compliance with all applicable regulations, as well as with the standards set forth in our Responsible Sourcing Policy, internationally recognized standards (such as SA8000, ISO 45001 or ISO 14001), and industry standards such as those of the Leather Working Group. Audit criteria cover 40 themes which are structured across 4 pillars:

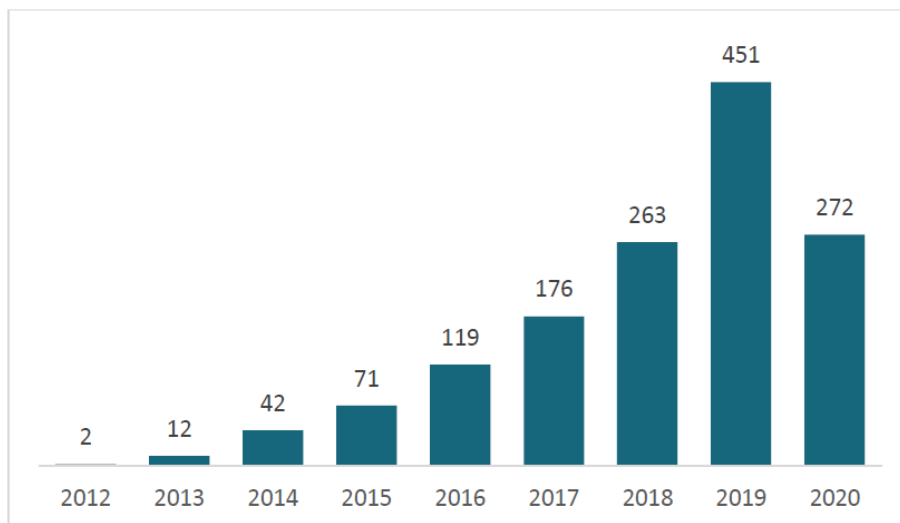
- Ethics: regulatory aspects, anti-corruption, anti-money laundering and sanctions policies, privacy and intellectual property issues;
- Health & Safety: employee well-being and safe working conditions;
- Human rights: regulatory aspects such as wages and insurance, equality policies and discrimination as well as absence of child, prison or forced labour;
- Environmental: risk of pollution in the water, air or soil, waste management, biodiversity impacts.

The audit methodology which is reviewed annually to incorporate new themes identified during the audits carried out during the year.

On the basis of these standards, the ReSET team has also developed an internal standard for "Minimum Requirements", which in some sourcing regions can be more stringent than local labour laws. These requirements are shared with all auditors, buyers and suppliers during audits. Their content is also updated annually and in 2020, the revision focused on human rights standards in particular. This document has also been aligned to the Responsible Sourcing Policy and is now fully complementary to the latter.

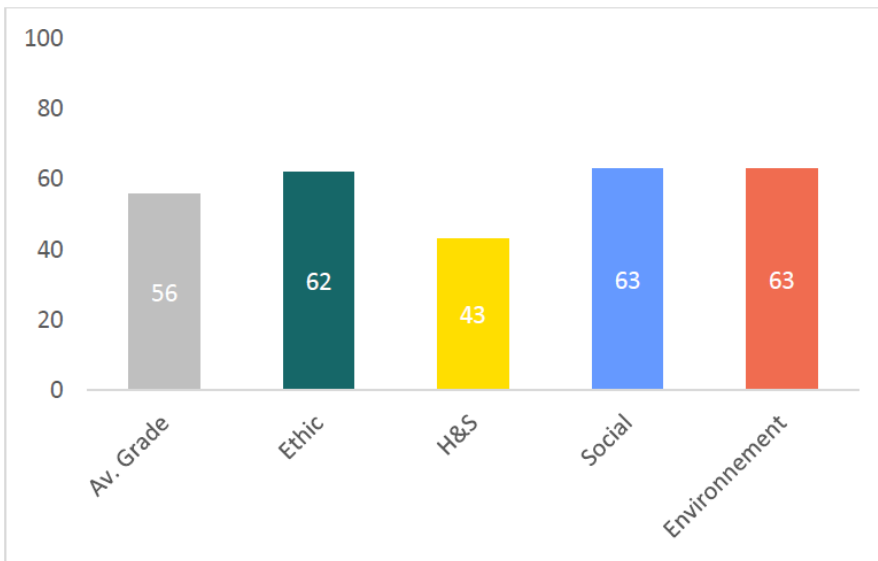
Evolution of the number of audits between 2012 and 2020

Since 2012, Chanel has built its internal capacity and audit programme as shown below:



In 2020, we conducted 272 supplier audits globally. The significant decrease of the number of audits in 2020 was due to the pandemic which had an impact on travel and audit capacity. The restrictions forced the audit team to adapt and brought new opportunities in terms of methodologies. These included audits delegated to a certified and trained third party located within the country of the supplier; piloted audits conducted by a third party guided in real time by a member of the ReSET team remotely; or remote audits conducted by a member of the ReSET team directly through a review of documents, videos, images and pictures enabling to attest compliance with our requirements.

2020 Audit Results



Issues of non-compliance for each topic are raised during the audit process, to evaluate the suppliers' performance and to obtain an overall score corresponding to the ReSET performance.

An improvement of audit grades was noted in 2020: 56 average grade vs. 43 in 2019. This is partly due to the geographies in which the 2020 audits were able to take place (e.g. more in the developed part of the world which historically has better practices and results). The results also highlighted Health and Safety as the main area of progress - through topics such as chemical management, fire protection or the wearing of protective equipment.

An audited supplier can be either considered as "qualified" and will be re-audited in the next cycle to keep this qualification, or "in progress" and a corrective action plan will be requested as well as a follow-up audit within six months to two years. 60% of audited suppliers were given a necessary plan of action, including a follow-up audit.

In the rare cases of unacceptable or non-remediable practices, or in the event that a supplier is not willing to improve, Chanel will cease trading with the supplier as a last resort - however this has only happened in a small number of cases over the past year (14 suppliers in 2020).

Building capacity of our auditing teams on human rights risks

The auditors of Chanel's ReSET team engage with external experts to develop their skills in targeted questioning and information finding. This enables them to better appreciate and detect complex situations related to human rights issues on-site. For example, auditors have collaborated with an external third party on the development of new tools to better assess and recognise situations of child labour and discrimination, which are complex in nature and can be challenging to uncover and to remediate.

7. Consultation with key stakeholders and experts

Beyond the risks that can be identified within our supplier's operations, Chanel seeks to continuously improve its understanding of the structural drivers of forced labour or other human rights violations through ongoing dialogue with external stakeholders. We also collaborate with technical experts to co-design or finetune our human rights due diligence tools, processes and impact programmes. Below are some examples of partnerships we have been working on:

Framework Agreement with Human Resources Without Borders

On top of our collaboration with HRWB on the operational human rights impact programmes described above, Chanel has engaged in a pluriannual framework agreement with the NGO to inform its human rights due diligence efforts in its supply chains. HRWB was officially recognized in 2020 by the French Ministry of European and Foreign Affairs as a key operational partner in the context of France's ambition to become a pathfinder country to reach the objectives of Target 8.7 of the 2030 Agenda for Sustainable Development Goals. Target 8.7 consists of a commitment to take immediate and effective measures to eradicate forced labour, modern slavery, human trafficking and child labour.

Chanel has been leveraging the NGO's expertise since 2018 to develop and finetune the human rights criteria of the responsible supplier risk management framework used by our buyers and internal auditors, from country-specific human rights risk profiles to auditing tools.

Collaboration with Shift

Chanel participates in Shift's Business Learning Program (BLP). Shift is a leading centre of expertise on the UN Guiding Principles on Business and Human Rights who advises and supports individual companies across different industries and regions on improved business practices with regard to human rights globally. Shift started supporting Chanel in 2020 in assessing the specific human rights impacts of its Indirect Procurement activity, in complement to the responsible supplier risk management framework described above.

Responsible Jewelry Council (RJC)

The Watches and Fine Jewellery division of the company has been a member of the RJC and has been certified according to their Standard Code of Practice since 2011. The RJC is a non-profit organisation bringing together over 1,000 players in the jewellery industry. It aims to promote responsible ethical,

social and environmental practices that respect human rights across the jewellery supply chain. This applies to diamonds, gold, metals from platinum mines, silver and coloured stones. This certification is voluntary and is renewable every three years. As far as diamonds are concerned, it also guarantees their compliance with the requirements of the Kimberly Process and the World Diamond Council's "Guarantee System" to eradicate "conflict diamonds".

In 2020, our watchmaking facility of Châtelain in Switzerland also obtained its RJC certification, and the rest of the Company underwent an independent audit mandated by the RJC in view of the renewal of its certification. The output of this audit confirmed the re-certification of our Watches and Fine Jewellery division and the scope has been expanded to a full certification of Chanel Limited by the RJC.

8. Other Information

Chanel has a long-standing commitment to contribute to driving social progress within its supply chain, including the prevention and remediation of forced labour. The policies and programmes described above form part of a larger, long-term responsible sourcing strategy, aimed at monitoring the risks encountered in our supply chain, and partnering with our suppliers to progressively address their root causes.

Looking forward, the priority will be to keep reinforcing our human rights due diligence methodology, processes and tools. To support us in this continuous improvement journey, we have developed a proprietary maturity model based on the recommendations of the United Nations Guiding Principles on Business and Human Rights, guiding our priorities on the subject.

Below are a few examples of the workstreams we will be focusing on in the upcoming years:

Policies, Training and Governance

- Continue to roll-out of our Responsible Sourcing Policy;
- Internal sharing on best practices through a cross-divisional and cross-functional committee dedicated to human rights due diligence;
- Roll-out of employee trainings globally to raise awareness of issues through Ethics@Chanel and procurement training sessions;
- Roll-out of the integration of our contractual compliance clauses and trainings as part of the updated procurement process;
- New global compliance screening tool deployed within all Procurement Departments.

Risk Assessment and Management

- Keep working towards rolling out our full mapping and risk assessment with all suppliers;
- Roll out of our responsible supply chain risk management framework for all purchasing categories;
- Deepen our understanding and assessment of labour rights risks posed to vulnerable workers.

Supplier Evaluation and Engagement

- Design of a gender-focused auditing tool and methodology;
- Training of a selection of our suppliers on human rights due diligence with the assistance of an external expert partner;
- Roll out of innovative human rights impact programmes to work on root causes of forced labour and co-design innovative, worker-centric solutions.

As Chanel progresses its sustainable business transformation, the company will continue to work with its suppliers to continuously respect, protect and advance the human rights of workers in its supply chain.

Approved by the Board of Directors of Chanel (Australia) Pty Ltd on 30th June 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D. Blakeley', with a long horizontal line underneath it.

David Blakeley
Managing Director
CHANEL Australia & New Zealand